Stock Code: 3189

KINSUS INTERCONNECT TECHNOLOGY CORP.
2022 Annual Report

<u>Notice to readers</u>

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Printed in April 2023
Taiwan Stock Exchange Market Observation Post System: **http://mops.twse.com.tw**
Annual Report is available at: **http://www.kinsus.com.tw**

The inside cover of annual report

1. **The name, title, telephone number, and e-mail address of the spokesman or acting spokesman**
   (1) The Spokesman
   Name: Mu, Xian Jue
   Title: Senior Project Director of Chairman Office
   Telephone number: 886-3-487-1919
   E-mail: jackmu@kinsus.com.tw
   (2) The Acting Spokesperson
   Name: Liu, Su Zhen
   Title: Senior Director of Finance Department
   Telephone number: 886-3-487-1919
   E-mail: suejaneliu@kinsus.com.tw

2. **The address and telephone number of the Company's headquarters, branch offices, and factories**
   Headquarter (Shilei Factory): No.1245, Zhonghua Rd., Xinwu Dist., Taoyuan City 327, Taiwan, R.O.C.
   Telephone number: 886-3-487-1919
   Qinghua Factory: No.810, Zhonghua Rd., Xinwu Dist., Taoyuan City 327, Taiwan, R.O.C.
   Telephone number: 886-3-487-1988
   Xinfeng Factory: No.526, Sec. 2, Jianxing Rd., Xinfeng Township, Hsinchu County 304, Taiwan, R.O.C.
   Telephone number: 886-3-557-1799
   Youth Factory: No.580, Gaoshi Rd., Yangmei Dist., Taoyuan City 326103, Taiwan, R.O.C.
   Telephone number: 886-3-487-1919

3. **The name, address, e-mail address, and telephone number of the agency handling shares transfer**
   Name: Shareholder Services Department, KGI Securities
   Address: 5th Fl., No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan, R.O.C.
   Website: https://www.kgieworld.com.tw
   Telephone number: 886-2-2389-2999

4. **The name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm**
   Names of certified public accountant: Hong, Mao Yi and Cheng, Ching-Piao
   Name of accounting firm: Ernst & Young
   Address: 9th Fl., No. 333, Sec. 1, Keelung Rd., Songshan Dist., Taipei City 105, Taiwan, R.O.C.
   Website: http://www.ey.com.tw
   Telephone number: 886-2-2757-8888

5. **The name of any exchanges where the Company’s securities are traded offshore, and the method by which to access information on said offshore securities**
   NA

6. **The address of the Company’s website**
   http://www.kinsus.com.tw

The contents of annual report

5. An overview of operations

6. An overview of the Company's financial status

7. A review and analysis of the Company's financial position and financial performance, and a listing of risks

8. Other items deserving special mention

1. A report to the shareholders

Dear Shareholders,

(1)2022 Business Report

The epidemic dividend created huge growth in the semiconductor industry in 2021 and the first half of 2022. The overall electronics industry rapidly entered a month-on-month recession. The upstream and downstream of the electronics industry have simultaneously adjusted and controlled inventory production, and the rapid decline in new product orders has explained the pattern and trend of the overall electronics industry in 2022. Weak demand, uncertainty about future growth, and doubts about inflation, the pessimistic situation will continue until at least the first half of 2023, and the visibility of orders has also been greatly shortened. The overall industry is in an atmosphere of waiting for recovery.

Looking back at the electronic product industry in 2022, each product and device still had different growth trends. In terms of smart phones, the growth of American smart phones is limited, but the demand for smart phones in China is growing, partly due to the strong blockage and clearance, which affects economic growth and the demand for replacements, besides, it is more due to the ultra-high inventory of components built in 2021. The global demand for smart phones declined of 11% in 2022, which is the product leading into the post-epidemic recession.

In terms of notebook computer products, after experiencing a huge growth of 23.2% in 2021, it also declined rapidly after the second quarter of 2022. Although there are still 188.5 million units shipped in the end, it returns to the pre-epidemic situation in 2020, but the recession in 2022 also reached 23.8%, and the market can be described as "frozen".

The demand for servers and data centers brought about by artificial intelligence and high-efficiency computing was originally highly optimistic. In the end, due to the increasing uncertainty of demand growth in 2023, major system customers have reduced capital expenditures, and even further layoff staff to cut expenses. This leaded to a 7.2% quarter-on-quarter decline in server demand in the fourth quarter of 2022. Although there is still double-digit growth throughout the year, major system vendors have also lowered the growth rate in 2023 to around 4%, and the outlook is conservative.

Looking at the global IC substrate market and its outlook, even in the short-term such as high inventory in stock, war between Ukraine and Russia, and China-US technology restrictions, the long-term development is still positive. Referring to Prismark's market report (Refer to Figure I), the IC substrate market size grew by 19% in 2022, and the compound growth rate in the next five years will also be 8.3%, which is still in a high-speed growth field and is better than the entire semiconductor industry about 5.6% compound growth rate.

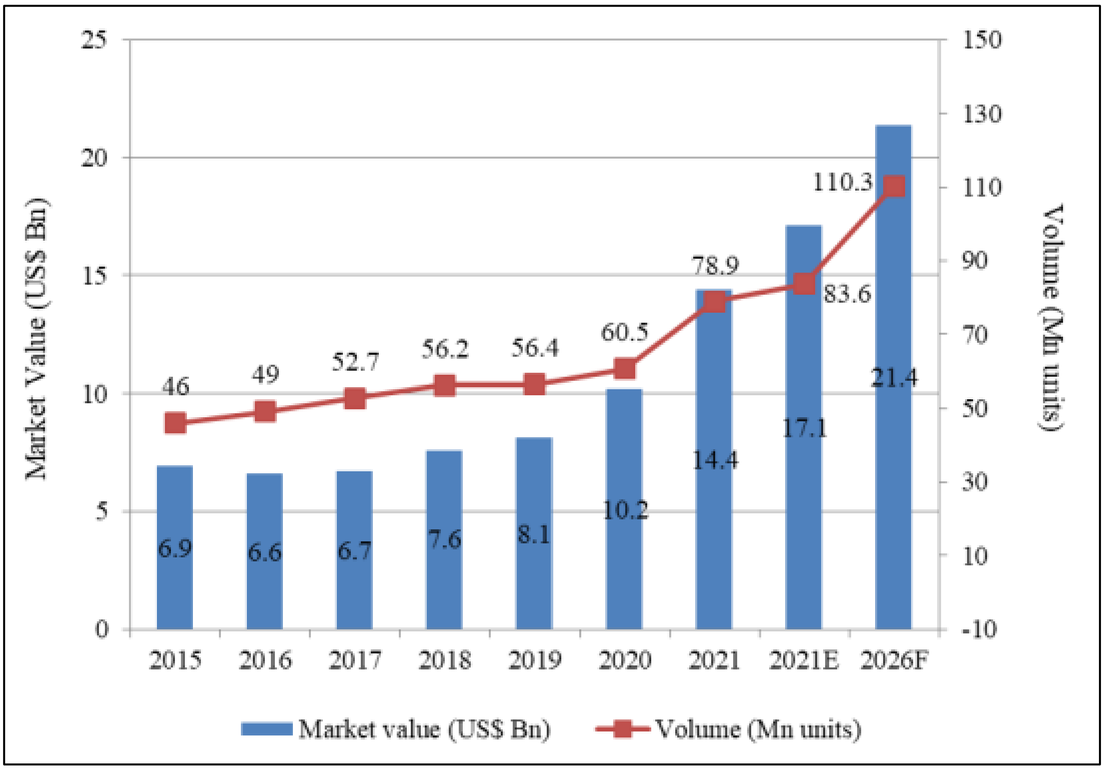


Table I. Market Size of Global IC Substrate (Source: Prismark, October 2022)

The growth of the substrate market still comes from AI artificial intelligence, high-efficiency computing and other fields. The substrate category belongs to FC-BGA, commonly known as ABF flip-chip substrate. Its annual compound growth rate is about 11.5% (Refer to Table I), and its proportion is also increasing year by year. It is estimated that it will increase to 56.6 % in 2026 (Refer to Figure II).

The higher growth rate of another application category of substrate is module products (Module), which are used in many handheld devices, and its compound annual growth rate has reached to 9.1%. Module products will follow AI artificial intelligence in various fields. The popularization of the field and the diversification of terminal access devices have resulted in more application scenarios, and the market scale has continued to grow.

(Unit: USD million)

	2021	2022E	2026F	2021-2026 CAAGR
FC PGA/LGA/BGA	7,033	9,165	12,132	11.5%
FCCSP/FCBOC	2,738	2,864	3,497	4.8%
WB PBGA/CSP	2,855	3,099	3,043	1.7%
Module	1,784	2,010	2,763	9.1%
Total	14,410	17,139	21,435	8.3%

Table I. IC Substrate Product Portfolio and Compound Growth Rate (Source: Prismark, October 2022)

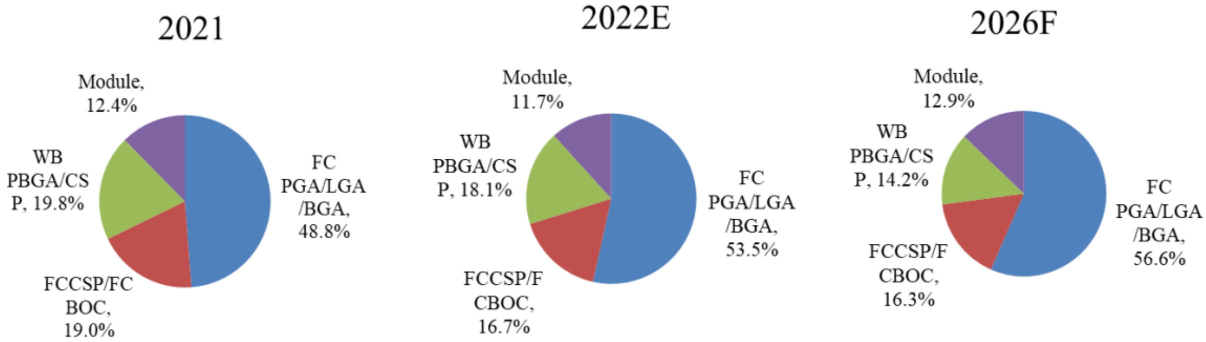


Figure II. IC Substrate Product Portfolio Changes (Source: Prismark, October 2022)

From the end of 2022 to the beginning of 2023, the overall semiconductor industry was in a downturn. The uncertainty of inflation and war inhibited economic recovery. What can be expected is that the epidemic blockade has been gradually lifted, and people's livelihood and economic activities are expected to become normal and active. Therefore, the outlook for 2023 remains positive. The company's internal activities for product development and customer orders are still in accordance with the trend of market product development, and actively invest resources in order to ensure long-term stable growth.

The Company’s revenue in parent-company-only basis totaled to NT$34,251,019 thousand in 2022, increased by 25.76% compared to NT$27,235,597 thousand in 2021. Net income in parent-company-only basis was NT$6,976,792 thousand in 2022, increased by 80.79% compared to NT$3,858,984 thousand in 2021. The Company’s consolidated revenue totaled to NT$41,626,486 thousand in 2022, increased by 24.87% compared to NT$33,336,442 thousand in 2021. The consolidated net income was NT$7,933,470 thousand in 2022, increased by 76.61% compared to NT$4,492,108 thousand in 2021.

(2)Summary of 2023 business plan

I. Business Policy

Since the Company’s establishment, we have been upholding the principle of “Satisfying Customers and Pursuing for Excellence” as our business policy, developing leadership in technique to meet market demand, mastering new generation product demands, investing engineering resources to stay ahead, and striving for better profit to benefit our shareholders under the intense competition.

The IC packaging substrates industry is developing in several technological directions; For example, multi-chip Wafer, high-integration packages (Chiplet), SiP modules, integrated antenna modules, high-frequency and high-speed applications, thin lines, thinning... etc. The company's R&D department continues to grasp the direction of technological development and customer demands, and will create differentiation with technology and quality to maintain the highest competitiveness.

II. Expected Sales and Its Sources

According to Prismark research data, between 2021 and 2026, the compound growth rate of the IC substrate market reached 8.3% (Refer to Table I). This is not just demand of ABF substrate products which grow by AI, IoT, HPC, machine learning, automotive applications, 5G/6G infrastructure, etc., in terms of BT substrates, there are AiP, SiP, RF components brought by 5G mobile phones, and broadband memory (High Bandwidth Memory, HBM) which brought by servers, data centers, etc., all drive the growth of the overall demand for IC substrates. The growth of the Company's revenue is based on the growth trends of these product segments, and what needs to be dealt with carefully is the effective allocation of capacity utilization.

III. Significant Production and Marketing Policy

A. Strengthen the development of multi-chip packaging technology, and focus on process technology and match the development of high-frequency and high-speed materials to meet the needs of 5G/6G and automotive products.

B. Expanding the capacity of ABF FC-BGA substrate to match the medium and long-term development needs of multi-layer boards, high-frequency and high-speed.

(3)Company development strategy

We will aim at application of slim substrates of ABF-FCBGA and memory and the techniques and products of SiP module and Wafer module in short-term, keeping up with the elemental global semiconductor developing trend of continuously miniature line width, aperture, and thickness in medium term, and developing complicated structural technique of active/passive components and direct wafer bonding in long term. By these development strategies, we are confident that the Company will definitely sustain our competitiveness in product market as well as in the technique.

Sincerely Yours,

The Chairman Liao, Sih-Jheng
The CEO and General manager Chen, He-Xu

2. A Company Profile

(1) Date of Incorporation: 9/11/2000

(2) A brief history of the Company

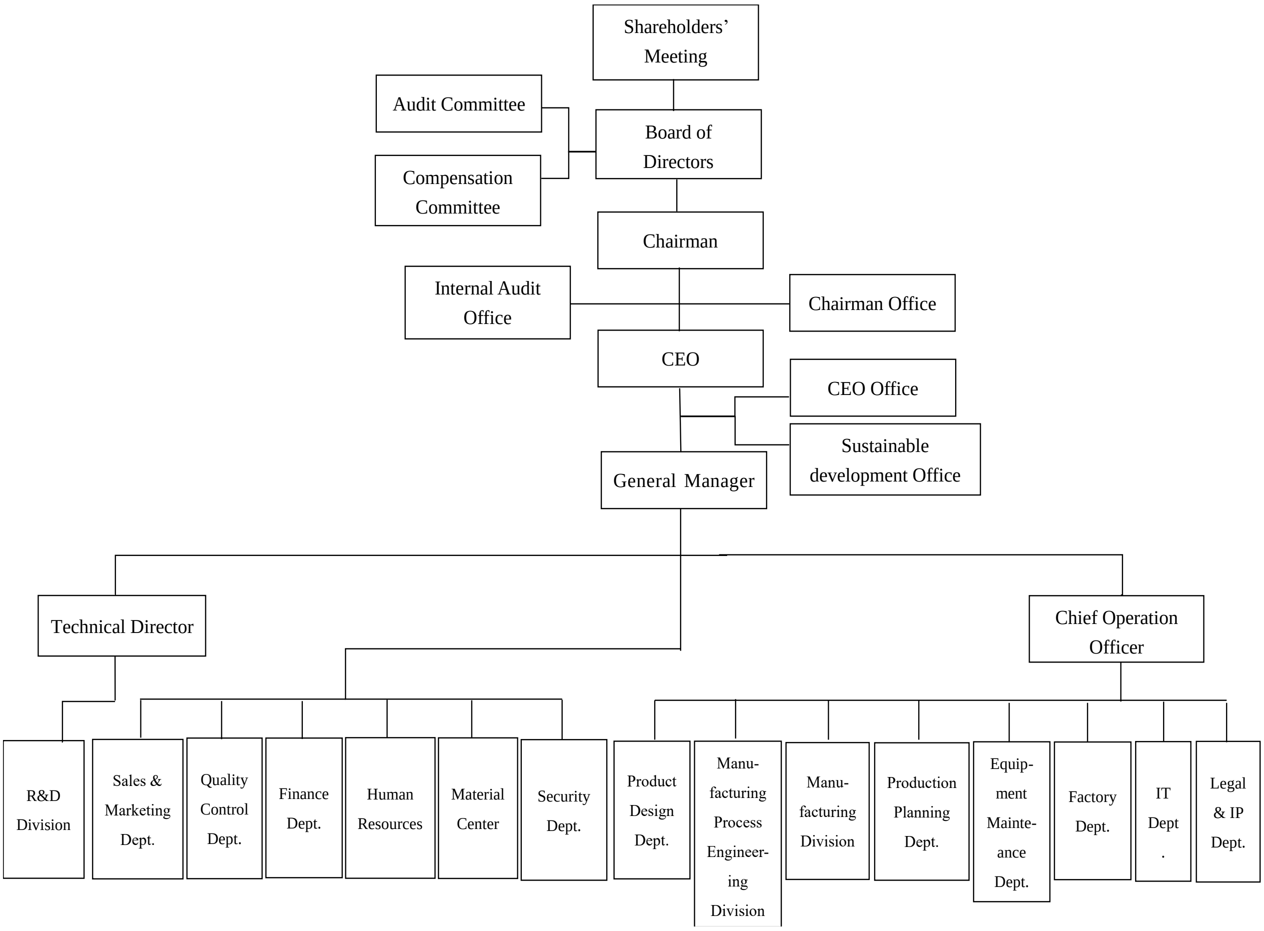
Year	Milestones
2000/09	Founded with NT$2.5 billion capital and NT$12 billion paid-up capital. Manufacturing mainly in BGA related products.
2000/12	Cash capital increased by issuing new shares of NT$100 million with NT$1.3 billion paid-up capital after increase in total.
2001/04	Cash capital increased by issuing new shares of NT$600 million with NT$1.9 billion paid-up capital after increase in total.
2001/05	Started operations.
2001/07	Be certified to QS 9000.
2001/12	Be certified to ISO 14000 - Environmental management.
2002/06	Corporation went public.
2002/11	Cash capital increased by issuing new shares of NT$100 million with NT$2 billion paid-up capital after increase in total.
2003/03	Plant expansion to the 3rd floor and the 4th floor.
2003/09	Listed for trading in emerging markets.
2003/12	Acquired the review by Industrial Science and Technology Committee on the submissions of "Science and technology product or technology successful development and marketing".
2004/06	Surplus capital increased by issuing new shares of NT$220 million with NT$2.22 billion paid-up capital after increase in total.
2004/11	Listed on Taiwan Stock Exchange.
2004/11	Plant built in Qinghua: No.810, Zhonghua Rd., Xinwu Dist., Taoyuan City.
2005/05	Operating performance ranked the 2nd, return on assets ranked 15th, return on equity ratio ranked 31st, growth drive ranked 33rd, profitability ranked 38th, and business revenue ranked 355th among top 1000 manufacturing companies by Commonwealth Magazine.
2005/07	Surplus capital increased by issuing new shares of NT$378 million with NT$2.598 billion paid-up capital after increase in total.
2005/08	Cash capital increased by issuing new shares of NT$300 million with NT$2.898 billion paid-up capital after increase in total.
2005/10	Plant bought at No.8, Qingnian Rd., Yangmei Dist., Taoyuan City 32661, Taiwan (R.O.C.).
2006/05	Cash capital increased by issuing new shares of NT$500 million with NT$3.398 billion paid-up capital after increase in total.
2006/05	Ranked 19th as Taiwan's most profitable companies by Commonwealth Magazine.
2006/07	Ranked 89th as Taiwan's most profitable companies by Digital Time Business among top 100 Taiwan Technology.
2006/08	Surplus capital increased by issuing new shares of NT$492 million with NT$3.89 billion paid-up capital after increase in total.

2006/11	Ranked 131st among Asia's top 150 with 14 Taiwan Enterprises listed by Business Week Asia.
2007/03	Be certified to ISO 14001 - Environmental management and OHSAS 18001.
2007/05	Ranked No. 212 on business revenue by Commonwealth Magazine.
2007/08	Surplus capital increased by issuing new shares of NT$464 million with NT$4.354 billion paid-up capital after increase in total.
2008/05	Ranked 52nd on return on assets, 146th on equity ratio, 22nd on profitability, and 595th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2008/08	Surplus capital increased by issuing new shares of NT$106 million with NT$4.46 billion paid-up capital after increase in total.
2009/05	Ranked 35th on profitability and 229th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2010/05	Ranked 48th on profitability and 234th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2010/08	Invested PIOTEK COMPUTER (SUZHOU) CO., LTD.
2011/05	Ranked 115th on profitability and 192nd on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2012/05	Ranked 108th on profitability and 162nd on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2013/03	Bought plant at Xinfeng: No.526, Sec. 2, Jianxing Rd., Xinfeng Township, Hsinchu County 304, Taiwan.
2013/04	Being selected as 2012 Deloitte Asia Pacific top 500 high tech, high growth enterprises.
2013/05	Ranked 116th on profitability and 158th on business revenue among top 1000 manufacturing companies by Commonwealth Magazine.
2014/04	Kick-off for building Xinfeng Factory.
2014/05	Ranked 720th on market capitalization among top 1000 enterprise in China, Taiwan, Hong Kong, and Macau by Business Today.
2015/05	Ranked 139th on profitability and 56th on net profit by Commonwealth Magazine.
2018/08	The issuance of 4,841 thousand restricted shares for employees resulted in paid-in capital to be NT$4,508,410 thousand.
2019/03	The cancelation of restricted shares for employees of 78,640 shares and issuance of 598,500 shares resulted in paid-in capital to be NT$4,513,609 thousand.
2019/10	Subsidiary Pegavision Corporation was officially listed on the Taiwan Stock Exchange.
2021/02	Purchased the Youth Factory at No. 580 Gaoshi Road, Yangmei District, Taoyuan City.
2022/08	The issuance of 1,932 thousand restricted shares for employees resulted in paid-in capital to be NT$4,527,761 thousand.
2023/03	The cancelation of restricted shares for employees of 5,000 shares and issuance of 1,448,000 shares resulted in paid-in capital to be NT$4,542,191 thousand.

3. A Corporate Governance Report

(1) Organizational system

(A)The Company's structure



(B) The tasks of its principal divisions

Dept.	Job Description
Chief Executive Officer (CEO) and General Manager	Business planning and strategic planning; Company long-term development policy planning; Business monitoring, promoting and implementation. Responsible for business plan development, business performance management and analysis, investment analysis and benefit assessment, cost reduction and control, business process automation and improvement, annual budgeting, overseas business management, promotion and performance evaluation in other important projects, manufacturing capacity and standard work hours, rationalization of personnel standards.
Sustainable development Office	Responsible for promoting the Company's three sustainable management goals in terms of environment, society and corporate governance; implementing net zero carbon emissions, renewable energy, and developing green substrates.
Internal Audit Office	Identify deficiencies in internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions.
Technical Director	Advanced product development, equipment automation, new plant equipment construction planning.
Chief Operation Officer	Responsible for the integration of manufacturing quality, overall planning and management of operational resources, and planning and execution of network information.
Safety & Health Dept.	Responsible for safety & health management and regulations of engineering safety.
Manufacturing Division	Responsible for every plants’s substrates related products manufacturing and work objectives and effectiveness management, manufacturing cost control analysis and improvement and production planning.
Manufacturing Process Engineering Division	Responsible for assessing process operations, and developing the most appropriate manufacturing process, and improving production technology and yield analysis, and new product process import stability and optimization testing.
Equipment Maintenance Dept.	Responsible for the management and maintenance of production equipment in the factory.
Factory Service Dept.	Responsible for maintenance of factory facilities and management of plant security.
Production Planning Dept.	Responsible for production plan and operation performance management.
Product design Dept.	Responsible for product design and integration.
Strategic product development Dept.	Responsible for the production and promotion of products that the company intends to develop in the future.

Dept.	Job Description
Sales & Marketing Dept.	Responsible for the Company’s product sales and marketing.
Quality Control Dept.	Responsible for the quality policy, objectives and systems developed and implemented in order to meet customers’ needs.
R&D Division	Responsible for coordinating the product, design, development, and facility services.
Finance Dept.	Responsible for finance, accounting and stocks services.
Material Center	Responsible for production scheduling, shipping schedule, the material management, transportation, warehousing and import/export and customs bonded business.
IT Dept.	Responsible for setting up and maintaining various software and hardware of information system.
Human Resources	Responsible for human resource planning, recruiting & staffing, payroll management, training development, services for employee and employee relations.
Legal & IP Dept.	Responsible for reviewing contracts, dealing with lawsuit and regulation compliance, and managing patents, including intellectual property rights.

(2) Information on the Company's directors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the Company's divisions and branch units.

(a) Directors as of April 2, 2023

Title	Nationality/Country of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse&Minor Shareholding		Shareholding by Nominee Arrangement		Experience(Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note (Note10)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C	Liao, Sih-Jheng	Male 71~80	2021.7.12	3	2021.7.12	–	–	185,000	0.04%	–	–	–	–	Bachelor degree in Industrial and Business Management / Tatung Institute of Technology Honorary Doctor of Business / Tatung University Chief Operating Officer of Pegatron Corp. Senior Vice President of Unihan Corp.	Note 1	–	–	–	
Director	R.O.C	Tong, Zi-Xian	Male 61~70	2021.7.12	3	2000.9.1	200,000	0.04%	242,000	0.05%	–	–	–	–	Computer and Communication Engineering / Taipei Tech Honorary Doctor of Engineering / Taipei Tech Vice President of Asustek Computer Corporation Chairman/PEGATRON Corp. Chairman/Kinsus Interconnect Technology Corp. Chairman/Pegavision Corp.	Note 2	–	–	–	
Director	R.O.C	Guo, Ming-Dong	Male 71~80	2021.7.12	3	2000.9.1	906,795	0.20%	521,795	0.11%	–	–	–	–	National Taipei Institute of Technology General Maneger/UNICAP ELECTRONICS Chairman/Kinsus Interconnect Technology Corp.	Note 3				
Director	R.O.C	Chen, He-Xu	Male 51~60	2021.7.12	3	2017.5.26	351,002	0.08%	484,002	0.11%	–	–	–	–	Master of Physics/National Tsing Hua University General Maneger / Kinsus Interconnect Technology Corp. Manufacturing Maneger/ Motorola	Note 4	–	–	–	
Director	R.O.C	Asuspower Investment Rep : Zhang, Qian-Wei	–	2021.7.12	3	2000.9.1	55,556,221	12.32%	55,556,221	12.23%	–	–	–	–	Mechanical Engineering / National Central University PCB Equipment Design Manager of Manz Taiwan Ltd. General Maneger / Kinsus Interconnect Technology Corp.	Note 5	–	–	–	
Director	R.O.C	Zhang, Qian-Wei	Male 61~70	2021.7.12	3	2021.7.12	–	–	–	–	–	–	–	–	as above	as above	–	–	–	
Director	R.O.C	Asustek Investment Corp. Rep. : Hu, Gui-Qin	–	2021.7.12	3	2000.9.1	58,233,091	12.92%	58,233,091	12.82%	–	–	–	–	Department of Chemical Engineering / Chung Yuan Christian Univ. General Manager of Tripod Technology Corporation	Note 6	–	–	–	
Director	R.O.C	Hu, Gui-Qin	Female 51~60	2021.7.12	3	2021.7.12	–	–	–	–	–	–	–	–	as above	as above	–	–	–	
Independent Director	R.O.C	Wu, Hui-Huang	Male 71~80	2021.7.12	3	2010.6.18	–	–	–	–	–	–	–	–	Electronics Engineering/National Yang Ming Chiao Tung University Board Director& President/UNIVERSAL SCIENTIFIC INDUSTRIAL CO., LTD Director/Taiwan Electrical and Electronic Manufacturers' Association Director/Taiwan Federation of Industry Director/Taiwan Province Industry Association	Note 7	–	–	–	
Independent Director	R.O.C	Chen, Jin-Cai	Male 71~80	2021.7.12	3	2003.9.1	–	–	–	–	–	–	–	–	Master of Accounting Institute/Tamkang Univ. M.P.A/Univ. of San Francisco President/Namchow Group	Note 8	–	–	–	
Independent Director	R.O.C	Lee, Ming-Yu	Male 61~70	2021.7.12	3	2021.7.12	–	–	–	–	–	–	–	–	Master of Accounting Institute/National Chengchi University Partner of Hongdao & Company Independent Director & Member of audit committee & Member of compensation committee of Casetek Holdings Limited	Note 9	–	–	–	

Note 1	Chairman and Deputy Chief of Strategy	Kinsus Interconnect Technology Corp.
	Group Vice President	Pegatron Corp.
	Chairman	Pegatron Vietnam Company Limited, Pegatron Technology HAI PHONG Company Limited
	President	Pegatron Japan Inc.
	Director	AMA PRECISION INC., Asuspower Corporation, Asuspower Investment Co. Ltd., KAEDAR ELECTRONICS (KUNSHAN) CO., LTD., Piotek Holdings Ltd (Cayman), Piotek Holdings Ltd, Piotek (HK) Trading Limited, Kinsus Holding (Samoa) Limited, Kinsus Holding (Cayman) Limited
	Executive Director	KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.
Note 2	Chief Strategy Officer	Kinsus Interconnect Technology Corp.
	Chairman	Pegatron Corp. (also the Chief Strategy Officer), Kinsus Investment, Lumens Digital Optics Inc., Asus Investment, Asuspower Investment, Asustek Investment, Ri-Kuan Metal Corporation, BeautyTech Platform Corporation, FacialBeau International Corporation, Fisfisa Media Co., Ltd.
	Assistant Chairman	New Frontier Foundation
	Director	Asrock Inc., Pegavision Corp., Hua Yuan Investment, AS Fly Travel Service, Hua Wei Investment, Pega International Limited, Casetek Holdings Limited (Cayman), Pegatron Holding Ltd., Unihan Holding Ltd., Magnificent Brightness Ltd., Casetek Holdings Ltd., Protek Global Holdings Ltd., Digitek Global Holdings Ltd., Kinsus Corp. (USA), Pegatron Holland Holding B.V., Powtek Holdings Limited, Cotek Holdings Limited, Grand Upright Technology Limited, Aslink Precision Co., Ltd., Q Place Creative Inc., Alliance Culture Foundation, Hanguang Education Foundation, Lung Yingtai Cultural Foundation, Huang Da-fu Medical Education Promotion Foundation, Fair Winds Foundation, Relations Across the Taiwan Straits Development Research Foundation, Fullfoods Foundation, Bulareyaung Dance Company Foundation, National Chung-Shan Institute of Science & Technology, Cloud Gate Culture And Arts Foundation, Lovely Taiwan Foundation, Liu Kuo-sung Foundation.
	Independent Director	PCHOME ONLINE INC.
	President	Chinese Cultural and Creative Development Association, Monte Jade Science and Technology Association
	Assistant President	Taiwan Climate Partnership
	Director	Taipei Computer Association, Institute for Biotechnology and Medicine Industry.
Note 3	Chairman	Pegavision Corp. (also the Chief Strategy Officer), Mayin Investment Co., Ltd.
	Assistant Chairman	FacialBeau International Corp., BeautyTech Platform Corp.
	Director	Pegatron Corp, Kinsus Corp. (USA), Kinsus Investment Co., Ltd., Lumens Digital Optics Inc., Monte Jade Science and Technology Association.

Note 4	CEO and G/M	Kinsus Interconnect Technology Corp.
	Director	Pegavision Corp., FuYang Technology Corp., Monte Jade Science and Technology Association, Taiwan Printed Circuit Association, Taoyuan Enterprise Chamber.
Note 5	CTO	Kinsus Interconnect Technology Corp.
Note 6	COO	Kinsus Interconnect Technology Corp.
Note 7	Director	Taiwan Read Foundation
	Independent Director	Merry Corp, Universal Microelectronics Co., Ltd.
Note 8	Chairman	Win Semiconductors Corp., ITEQ Corp, Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd., Win-Win Venture Capital Co., Ltd., Win Earn Investment Corp., Win Chance Investment Corp., Win Lux Biotech Co., Ltd., Phalanx Biotech Group, Inc., Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd., Jiangsu Chainwin Kang Yuan Agriculture Development Co., Ltd., Jiangsu Merit/CM Agriculture Development Co., Ltd., Jiangsu Win Yield Agriculture Development Co., Ltd., Jiangsu Win Shine Agriculture Development Co., Ltd., Bang Mao Investment Corp., i-Chainwin Technology (Cayman Islands) Co., Ltd., Win Lux Biotech (Cayman Islands) Co., Ltd.
	Assistant Chairman	Hiwin Technologies Corp.
	Director	WIN Semi USA Inc., Win Semiconductors Cayman Island Co., Ltd., Jiangsu Chung Win Agriculture Development Co., Ltd., Mercuries Life Insurance., i-Chainwin Technology Co., Ltd.
	Independent Director	Tong Hsing Electronics Industries, Ltd., Inventec Besta Co., Ltd.
	Supervisor	Excellence Sporting Goods Co., Ltd., Comax Sporting Goods Co., Ltd.
Note 9	Partner	Hongdao & Company.
	Independent Director & Member of audit committee & Member of compensation committee	ASUSTEK Computer Inc.
	Executive Supervisor	Taiwan Fucoidan Development Society, Taiwan Anti-Cancer Association, Taiwan Honest Social Service Association.
Note 10		The chairman of the company and the general manager or equivalent (the top manager) are the same person, relatives of each other, such as spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors) and should be more than half of the directors who do not serve as employees or managers, etc.) related information: Not applicable.

Major shareholders of the institutional shareholders

As of April 2, 2023

Name of the Company’s institutional shareholder	Major Shareholders of the Company’s institutional shareholder
Asuspower Investment Co., Ltd	Pegatron Corp. (100.00%)
Asustek Investment Co., Ltd	Pegatron Corp. (100.00%)

Major shareholders of the Company’s institutional shareholders

As of April 17, 2023

Name of major institutional shareholders of the Company’s institutional shareholder	Major Shareholders, if institutional, of major institutional shareholders of the Company’s institutional shareholder	Shareholding ratio
Pegatron Corp.	Asustek Computer Incorporation (Representative: Tsung-Tang, Shih)	16.81
	Tong, Zi-Xian	3.54
	Tsung-Tang, Shih	2.51
	Yuanta Taiwan Dividend Plus ETF Account	2.33
	Citi Trustee Singapore Government Investment Account	2.27
	Shih-Chang, Hsu	2.11
	HSBC Custody Hillchester International Investors International Value Shares Trust	2.02
	CTBC Bank is entrusted with the custody of Pegatron Corporation	1.69
	HSBC Custody Account of Morgan Stanley International Limited	1.55
	Cathay United Bank Custody Professional Alliance Company Investment Account	1.44

Professional qualifications and independence analysis of directors

(a) Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Qualification / Name	Professional Qualification and Work Experience (Remark 1)	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Liao, Sih-Jheng	Bachelor degree in Industrial and Business Management / Tatung Institute of Technology Honorary Doctor of Business / Tatung University Chief Operating Officer/PEGATRON Corp. Senior Vice President/Unihan Corp. Commercial and corporate business experience	N/A	-
Tong, Zi-Xian	Computer and Communication Engineering / Taipei Tech Honorary Doctor of Engineering / Taipei Tech Vice President of Asustek Computer Corporation Chairman/PEGATRON Corp. Chairman/Kinsus Interconnect Technology Corp. Chairman/Pegavision Corp. Commercial and corporate business experience		1
Guo, Ming-Dong	National Taipei Institute of Technology General Maneger/UNICAP ELECTRONICS Chairman/Kinsus Interconnect Technology Corp. Commercial and corporate business experience		-
Chen, He-Xu	Master of Physics / National Tsing Hua University General Maneger / Kinsus Interconnect Technology Corp. Manufacturing Maneger / Motorola Commercial and corporate business experience		-
Zhang, Qian-Wei	Mechanical Engineering / National Central Univ. PCB Equipment Design Manager / Manz Taiwan Ltd. General Maneger / Kinsus Interconnect Technology Corp. Commercial and corporate business experience		-
Hu, Gui-Qin	Chemical Engineering / Chung Yuan Christian Univ. General Manager / Tripod Technology Corporation Commercial and corporate business experience		-

Wu, Hui-Huang	Department of Electronics Engineering / NCTU Board Director& President/UNIVERSAL SCIENTIFIC INDUSTRIAL CO., LTD Director/Taiwan Electrical and Electronic Manufacturers' Association Director/Taiwan Federation of Industry Director/Taiwan Province Industry Association Commercial and corporate business experience	●Not the managers of the Company and related companies. ●I, my spouse, and relatives up to the second degree have not served as directors, supervisors, or employees of the company or its affiliated companies. ●I and my spouse do not hold company shares. ●Does not have a spouse or relative within the second degree of relationship with other directors. ●Not serving as a director, supervisor or employee of a company that has a specific relationship with the company. ●Has not provided business, legal, financial, accounting and other services to the company or its affiliated companies in the last 2 years.	2
Chen, Jin-Cai	Master of Accounting Institute/Tamkang Univ. M.P.A/Univ. of San Francisco President/Namchow Group Commercial, Finance, Accounting and corporate business experience		2
Lee, Ming-Yu	Master of Accounting Institute/National Chengchi University Hongdao Certified Public Accountants Independent Director, Audit Committee Member and Remuneration Committee Member/Casetek Holdings Limited Commercial, Finance, Accounting and corporate business experience		1

Remark 1：Not been a person of any conditions defined in Article 30 of the Company Law.

(b) Diversity of Board Members:

The Company's "Corporate Governance Code of Practice" has a policy of diversification of board members, including but not limited to two aspects: basic conditions and values (gender, age, nationality and culture, etc.) and professional knowledge and skills, hoping to bring the board of directors has more visions from different angles and strengthen the functions of the board of directors. Their background covers professional fields such as business management, computer communication, physics, chemical engineering, machinery, electronic engineering, and financial accounting, and they have the knowledge, skills, and accomplishments necessary to perform their duties, including operational judgment, industrial experience, leadership decision-making, and operational judgment, etc.

The Company's board of directors attaches great importance to gender equality and aims to have at least one member of a different gender. The company's diversity goals have been achieved this year. In the future, it will continue to strive to increase the proportion of female directors. The board diversity policy is implemented as follows:

Diversified Item / Name	Nationality	Gender	Employees of the company	Age			Seniority			Manage-ment	Account-ing	Commerce	Crisis management	Industry knowledge	International Market Perspective	Leadership decisions	Operational judgment
				51~60	61~70	Above 70	Less than 3 years	3~9 years	More than 9 years								
Liao, Sih-Jheng	R.O.C	male	v			v				v		v	v	v	v	v	v
Tong, Zi-Xian	R.O.C	male	v		v					v		v	v	v	v	v	v
Guo, Ming-Dong	R.O.C	male				v				v		v	v	v	v	v	v
Chen, He-Xu	R.O.C	male	v	v						v		v	v	v	v	v	v
Zhang, Qian-Wei	R.O.C	male	v		v					v		v	v	v	v	v	v
Hu, Gui-Qin	R.O.C	female	v	v						v		v	v	v	v	v	v
Wu, Hui-Huang	R.O.C	male				v			v	v		v	v	v	v	v	v
Chen, Jin-Cai	R.O.C	male				v			v	v	v		v	v	v	v	v
Lee, Ming-Yu	R.O.C	male			v		v			v	v		v	v	v	v	v

Remark: 1. For professional qualifications and experience of directors, please refer to page 15 to 16 for details on the professional qualifications of directors and the disclosure of information on the independence of independent directors.

Among the nine directors of the company, five directors with employee status account for 56%, three independent directors account for 33%, and one female director accounts for 11%; the term of office of one independent director is less than three years, and other two independent directors have a term of office of more than nine years due to their highly professional governance and operational management capabilities. And none of them has a spouse or a second-degree relative who serves as a director of the company, which meets the requirements of Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(b) The general manager, assistant general managers, deputy assistant general managers and the chief of all the Company's divisions and branch units

As of April 2, 2023

Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Title Nominee Arrangement		Experience(Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
R.O.C	Tong, Zi-Xian	Male	2014.11.01	242,000	0.05%	–	–	–	–	Computer and CommunicationEngineering /Taipei Tech Honorary Doctor of Engineering/Taipei Tech Vice President of Asustek Computer Corporation Chairman/PEGTRON Corp. Chairman/Kinsus Interconnect Technology Corp. Chairman/Pegavision Corp.	Page 12/Note 2	–	–	–	
R.O.C	Liao, Sih-Jheng (Note 1)	Male	2000.09.11	185,000	0.04%	–	–	–	–	Bachelor degree in Industrial and Business Management / Tatung Institute of Technology Honorary Doctor of Business / Tatung University Chief Operating Officer/PEGATRON Corp. Senior Vice President/Unihan Corp.	Page 12/Note 1	–	–	–	
R.O.C	Chen, He-Xu (Note 1)	Male	2000.09.11	484,002	0.11%	–	–	–	–	Physics/National Tsing Hua University General Manager/Kinsus Interconnect Technology Corp. Production Manger/Motorola	Page 13/Note 4	–	–	–	
R.O.C	Zhang, Qian-Wei	Male	2000.09.11	–	–	–	–	–	–	Mechanics/National Central Univ. PCB Manager/MANZ Electronics General Manager/Kinsus Interconnect Technology Corp.	N/A	–	–	–	
R.O.C	Hu, Gui-Qin	Female	2016.09.01	–	–	–	–	–	–	Chemical Engineering/Chung Yuan Christian Univ. General Manager/Tripod Technology Corporation	N/A	–	–	–	
R.O.C	Huang, Geng-Fang	Male	2005.08.01	365,875	0.08%	–	–	–	–	Ta Hwa Univ. of Science&Technology Senior Manager/MITAC Int'l Corp.	N/A	–	–	–	
R.O.C	Huang, Sheng-Chuan	Male	2015.02.01	12,000	0.00%	–	–	–	–	Mechanical Engineering/Univ. of Cambridge Senior Manager/UNICAP Electronics	N/A	–	–	–	
R.O.C	Lin, Zhi-Wei	Male	2001.03.01	44,909	0.01%	–	–	–	–	Material Science & Enginnering/Qinghua Univ. QC Manager/AU Optronics Corp	N/A	–	–	–	
R.O.C	Wu, Wei-Wen	Male	2016.09.01	–	–	–	–	–	–	Master of Management/Wichita State Univ. Assistant GM/Tripod Technology Corporation	N/A	–	–	–	
R.O.C	Zhuang, Da-Zhong	Male	2019.09.16	51,000	0.01%	–	–	–	–	Master of Business Management/Royal Roads University Department Director/United Microelectronics Corp.	N/A	–	–	–	
R.O.C	Lee, An-Tang	Male	2021.02.01	59,100	0.01%	60	0.00%	–	–	Institute of Chemistry/National Taiwan Normal University Assistant GM/TRYSYNTEC CORPORATION	N/A	–	–	–	
R.O.C	Liu, Su-Zhen	Female	2010.08.01	74,400	0.02%	–	–	–	–	M.B.A/National Central Univ. Junior Manager/EY Accounting Firm	Director of Kinsus Interconnect Technology Suzhou Corp.	–	–	–	

Note: When the manager or equivalent (the top manager) and the chairman are the same person, relatives such as spouse or first relative, they should disclose the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors more than half of the directors have not served as employees or managers.): Not applicable.

Note 1: The chairman, Liao, Sih-Jheng, has served as the deputy CSO since May 1, 2022.

(c) Remuneration paid during 2022 to directors, the general manager, and assistant general manager

Unit: NT$'000

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)(Rmk10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)(Rmk10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or Parent company (Rmk11)
		Base Compensation (A) (Rmk.2)		Severance Pay (B)		Bonus to Directors (C) (Rmk.3)		Allowances(D) (Rmk.4)				Salary, Bonuses, and Allowances (E) (Rmk5)		Severance Pay Profit (F)		Profit Sharing- Employee Bonus (G) (Rmk6)						
		The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company	Companies in the consolidated financial statements (Rmk7)	The Company		Companies in the consolidated financial statements (Rmk8)		The Company	Companies in the consolidated financial statements (Rmk7)	
																Cash	Stock	Cash	Stock			
Chairman	Liao, Sih-Jheng	-	800	-	-	66,913	80,230	-	1,408	0.96%	1.18%	26,271	34,875	324	324	62,059	-	75,230	-	2.23%	2.76%	94,322
Director	Tong, Zi-Xian																					
Director	Guo, Ming-Dong																					
Director	Chen, He-Xu																					
Director	Asuspower Investment																					
	Asuspower Investment Rep.: Zhang, Qian-Wei																					
Director	Asustek Investment																					
	Asustek Investment Rep.: Hu, Gui-Qin																					
Independent Director	Wu, Hui-Huang	-	-	-	-	3,000	3,000	3,240	3,240	0.09%	0.09%	-	-	-	-	-	-	-	-	0.09%	0.09%	
Independent Director	Chen, Jin-Cai																					
Independent Director	Lee, Ming-Yu																					

Note:

1. Compensation to directors and employee for 2022 has been approved by a board meeting held on 2023/02/13 and will be reported in the coming shareholders' meeting.
2. The Severance pay listed above is an accrual while the actual payment is zero.

   *Please state the policy, system, standards and structure of independent directors' remuneration payment and according to the responsibilities, risks, time invested and other factors, describe the relevance to the amount of remuneration:

   It is reference to the normal level of the industry, and in accordance with the "Director's Remuneration Payment Method" to consider the value of participation and contribution to the company's operations, and pay independent directors' salary and remuneration.

   *In addition to the above table, the directors who provided services for all companies in the financial report (such as consultants who are non-employees) received zero remuneration in the recent year.

Range of Remuneration

Range of Remuneration	The total amount of the first four remunerations(A+B+C+D)		The total amount of the first seven remunerations(A+B+C+D+E+F+G)	
	The Company (Remark 8)	All companies in the financial report (Remark 9) H	The Company (Remark 8)	Parent company and invested company (Remark 9) I
Under NT$1,000,000	Zhang, Qian-Wei Hu, Gui-Qin	Zhang, Qian-Wei Hu, Gui-Qin	-	-
NT$1,000,000 ~ NT$2,000,000	-	-	-	-
NT$2,000,000 ~ NT$3,500,000	Wu, Hui-Huang Chen, Jin-Cai Lee, Ming-Yu	Wu, Hui-Huang Chen, Jin-Cai Lee, Ming-Yu	Wu, Hui-Huang Chen, Jin-Cai Lee, Ming-Yu	Wu, Hui-Huang Chen, Jin-Cai Lee, Ming-Yu
NT$3,500,000 ~ NT$5,000,000	-	-	-	-
NT$5,000,000 ~ NT$10,000,000	Guo, Ming-Dong Asuspower Investment Co. Ltd. Asustek Investment Co. Ltd.	Asustek Investment Co. Ltd.	Guo, Ming-Dong Asuspower Investment Co. Ltd. Asustek Investment Co. Ltd.	Asustek Investment Co. Ltd.
NT$10,000,000 ~ NT$15,000,000	Tong, Zi-Xian Chen, He-Xu	Chen, He-Xu Asuspower Investment Co. Ltd.	-	Asuspower Investment Co. Ltd.
NT$15,000,000 ~ NT$30,000,000	Liao, Sih-Jheng	Liao, Sih-Jheng Tong, Zi-Xian Guo, Ming-Dong	Tong, Zi-Xian Zhang, Qian-Wei Hu, Gui-Qin	Zhang, Qian-Wei Hu, Gui-Qin
NT$30,000,000 ~ NT$50,000,000	-	-	Liao, Sih-Jheng Chen, He-Xu	Chen, He-Xu
NT$50,000,000 ~ NT$100,000,000	-	-	-	Liao, Sih-Jheng Tong, Zi-Xian Guo, Ming-Dong
Over NT$100,000,000	-	-	-	-

Total	11(Contains 2 legal representatives)	11(Contains 2 legal representatives)	11(Contains 2 legal representatives)	11(Contains 2 legal representatives)

Remark:

1. Director should be disclosed separately (Legal person shareholders shall list the names of legal person shareholders and their representatives separately), and the payment should be displayed in a consolidation. The board directors who also act as Chairman or GM should fill in this form and the following Form (3-1) or (3-2-1) and (3-2-2).
2. Refers to the latest remuneration of the Directors which include basic base compensation, professional allowance, everance pay, various bonuses, and rewards, etc.
3. Fill in the latest amount of directors' remuneration approved by the board of directors.
4. Refers to the Director's relevant business execution expenses in the most recent year. (including carriage fees, special expenses, various allowances, dormitories, car allocation, etc.) The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, the drivers' salary shall be remarked but excluded from the persons' compensation.
5. Refers to the lastest directors who are also be the employees (including part-time GM, assistant GM, other managers and employees) received including salary, job bonus, severance payment, various bonuses, incentives, carriage fees, special expenses, various allowances, dormitories , car distribution and other physical provision and so on. The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, the drivers' salary shall be remarked but excluded from the persons' compensation. In addition, acquiring employee stock options, employee's restricted stocks right and the right to subscribe in cash offerings shall be taken into consideration in recognizing the compensation cost based on IFRS#2, Share-based Compensation.
6. Refers to the consolidated remuneration which include stock bonus and cash bonus received by the Directors who are also be the employees (including part-time GM, assistant GM, other managers and employees) should be disposed the approved number in board meeting before shareholder meeting. If unable to forecast, take reference to the last year, and fill in the Form 1-3.
7. Disposed the consolidated payment of our company and all the other companies in this report.
8. The payment to all the Director by our company would be disclosed in the form of range of remuneration.
9. The payment to all the Director by our company and the other companies should be disclosed in the form of range of remuneration.
10. The after-tax net profit refers to the one happened in personal or individual financial statement in the latest year.
11. a. This column should dispose the remuneration to the Director from our affiliates and the other investments or parent company.
    b. The remuneration to the Director from our affiliates and the other investments should be included in column and defined as other investment.
    c. The remuneration received by Director from our subsidiaries and the other investments other than the Company's in the positions of the board director, supervisor, or manager which include honorarium, special disbursement, and the other allowances.

*The forms here are for information disposal, not applicable for taxation if conflicts aroused with law.

Remuneration of the general manager and assistant general managers

Unit: NT$'000

Title	Name	Base Compensation (A) (Remark 2)		Severance Pay (B)		Bonus and Special Allowance (Remark 3)		Disposition of Net Earnings (D) (Remark 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Remark 8)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary Or parent company (Remark 9)
		The Company	Companies in the consolidated financial statements (Remark 5)	The Company	Companies in the consolidated financial statements (Remark 5)	The Company	Companies in the consolidated financial statements (Remark 5)	The Company		Companies in the consolidated financial statements (Remark 5)		The Company	Companies in the consolidated financial statements (Remark 5)	
								Cash	Stock	Cash	Stock			
CSO	Tong, Zi-Xian	32,569	32,569	972	972	25,072	25,072	96,137	-	96,137	-	2.22%	2.22%	79,039
CEO and Deputy CSO	Liao, Sih-Jheng (Remark 10)													
CEO and GM	Chen, He-Xu													
CTO	Zhang, Qian-Wei													
COO	Hu, Gui-Qin													
Senior Assistant GM	Huang, Geng-Fang													
Senior Assistant GM	Huang, Sheng-Chuan													
Assistant GM	Lin, Zhi-Wei													
Assistant GM	Wu, Wei-Wen													
Assistant GM	Zhuang, Da-Zhong													
Assistant GM	Lee, An-Tang													

*It is required to be disclosed for a position equivalent to the General Manager, Assistant General Manager (example: President, CEO, Executive supervisor, etc.)

Note:

1. Compensation to directors and employee for 2022 has been approved by a board meeting held on 2023/02/13 and will be reported in the coming shareholders' meeting.
2. The retirement pay listed above is based on an accrual only while the actual payment was zero.

Range of Remuneration

Range of Remuneration	Name of the general manager and assistant general managers	
	The Company(Remark 6)	Parent company and invested company (Remark 7)
Under NT$1,000,000	-	-
NT$1,000,000 ~ NT$2,000,000	-	-
NT$2,000,000 ~ NT$3,500,000	-	-
NT$3,500,000 ~ NT$5,000,000	-	-
NT$5,000,000 ~ NT$10,000,000	Wu, Wei-Wen	Wu, Wei-Wen
NT$10,000,000 ~ NT$15,000,000	Tong, Zi-Xian Liao, Sih-Jheng Huang, Geng-Fang Huang, Sheng-Chuan Lin, Zhi-Wei Zhuang, Da-Zhong Lee, An-Tang	Huang, Geng-Fang Huang, Sheng-Chuan Lin, Zhi-Wei Zhuang, Da-Zhong Lee, An-Tang
NT$15,000,000 ~ NT$30,000,000	Chen, He-Xu Zhang, Qian-Wei Hu, Gui-Qin	Chen, He-Xu Zhang, Qian-Wei Hu, Gui-Qin
NT$30,000,000 ~ NT$50,000,000	-	-
NT$50,000,000 ~ NT$100,000,000	-	Tong, Zi-Xian Liao, Sih-Jheng
Over NT$100,000,000	-	-
Total	11	11

Remark:

1. GM, assistant GM should be disclosed separately, and the payment should be displayed in a consolidation. The board directors who also act as Chairman or GM should fill in this form and the following Form (1-1) or (1-2-1) and (1-2-2).
2. Refers to the latest pay of the GM, assistant GM which include basic base compensation, professional allowance, and severance pay.
3. Refers to the consolidated allowances of the GM, assistant GM which include honorarium, special disbursement, and the other allowances. The allowances which include housing, cars, and the other vehicles should be listed the nature and the cost of asset on actual or market value. If accompanied with drivers, the drivers' salary shall be remarked but excluded from the persons' compensation. In addition, acquiring employee stock options, employee's restricted stocks right and the right to subscribe in cash offerings shall be taken into consideration in recognizing the compensation cost based on IFRS#2, Share-based Compensation.
4. Refers to the consolidated remuneration received by the GM, assistant GM who are which include stock bonus and cash bonus should be disposed the approved number in board meeting before shareholder meeting. If unable to forecast, take reference to the last year, and fill in the Form 1-3. The after-tax net profit refers to the one happened in personal or individual financial statement in the latest year.
5. Disposed the consolidated payment of our company and all the other companies in this report.
6. The payment to all the GM, assistant GM by our company would be disclosed in the form of range of remuneration.
7. The payment to all the GM, assistant GM by our company and the other companies should be disclosed in the form of range of remuneration.
8. The after-tax net profit refers to the one happened in personal or individual financial statement in the latest year.
9. a. This column should dispose the remuneration to the GM, assistant GM from our affiliates and the other investments or parent company.
   b. The remuneration to the GM, assistant GM from our affiliates and the other investments should be included in column and defined as other investment.
   c. The remuneration received by GM, assistant GM from our subsidiaries and the other investments other than the Company's in the positions of the board director, supervisor, or manager which include honorarium, special disbursement, and the other allowances.
10. he chairman, Liao, Sih-Jheng, has served as the deputy CSO since May 1, 2022.

*The forms here are for information disposal, not applicable for taxation if conflicts aroused with law.

The name of each individual and the corresponding remuneration amount

Unit: NT$'000

	Title	Name	Stock Bonus	Cash Bonus	Total	% of Net income (%)
Managers	CSO	Tong, Zi-Xian	-	96,137	96,137	1.38%
	CEO and deputy CSO	Liao, Sih-Jheng				
	CEO and GM	Chen, He-Xu				
	CTO	Zhang, Qian-Wei				
	COO	Hu, Gui-Qin				
	Senior Assistant GM	Huang, Geng-Fang				
	Senior Assistant GM	Huang, Sheng-Chuan				
	Assistant GM	Lin, Zhi-Wei				
	Assistant GM	Wu, Wei-Wen				
	Assistant GM	Zhuang, Da-Zhong				
	Assistant GM	Lee, An-Tang				
	Finance Supervisor	Liu, Su-Zhen				

Note: Compensation to directors and employee for 2022 has been approved by a board meeting held on 2023/02/13 and will be reported in the coming shareholders' meeting.

Remark:

1. Names and titles should be disclosed individually and the earning distribution may be disclosed in consolidation.
2. The earnings distribution for the managers approved in board meeting which include stock bonus and cash bonus will be estimated by the numbers given last year. The after-tax net profit refers to the one happened in personal or individual financial statement in the latest year.
3. Scope of application of the Manager is regulated by TWSE file No.0920001301 on March 27, 2003 and defined as：(1) President and equivalent rank (2) Vice President and equivalent rank (3) Junior President and equivalent rank (4) Financial Supervisor (5) Accounting Supervisor (6) Other signed for management services and the rights of man.
4. Board directors, GM and assistant GM who receive employee bonuses (including stock dividends and cash bonus) should fill in this form and Form1-2.
5. he chairman, Liao, Sih-Jheng, has served as the deputy CSO since May 1, 2022.

(d) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

a. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Unit: NT$’000

Year / Title	2022		2021	
	Total remuneration	Total remuneration to net income (%)	Total remuneration	Total remuneration to net income (%)
Director	73,153	1.05%	38,110	0.99%
GM and Assistant GM	154,750	2.22%	98,751	2.56%

b. According to Articles 24 of the Company’s Articles of Incorporation, not lower than 10% of profit of the current year is distributable as employees’ compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. The compensation committee will make recommendations on directors’ remuneration and employees’ compensation, then submit to the Board of Directors for approval, and in addition, a report of such distribution is submitted to the shareholders’ meeting. The company has formulated the "Director’s Remuneration Payment Method". Directors and independent directors who do not hold positions within the group receive fixed remuneration regardless of the company’s profit or loss. Directors who hold positions in the group shall be given reasonable remuneration, which was considered of their positions in the company, their representative positions as directors of subsidiaries, and the degree of participation and profit situation in the company’s operations. The manager’s remuneration is the monthly salary specified in the salary management regulations, and the year-end/quarter bonuses are issued according to the operating conditions of the current year/quarter. The bonuses and employee remuneration that are not wages are paid according to their grades, administrative or technical positions, and individuals negotiated remuneration for work performance. The aforementioned policies, standards and combinations of the remuneration of the directors and managers of the company shall be performed by the Compensation Committee, and its recommended directors and managers’ remuneration shall be submitted to the board of directors for discussion.

(3)The state of the Company’s implementation of corporate governance

(A) The state of operations of the board of directors

A total of 5 (A) meetings of the Board of Directors were held in 2022. The attendance of directors was as follows:

Title	Name (Remark 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B / A】(Remark 2)	Note
Chairman	Liao, Sih-Jheng	5	0	100%	
Director	Tong, Zi-Xian	5	0	100%	
Director	Guo, Ming-Dong	5	0	100%	
Director	Chen, He-Xu	5	0	100%	
Director	Asuspower Investment Representative: Zhang, Qian-Wei	5	0	100%	
Director	Asustek Investment Representative: Hu, Gui-Qin	5	0	100%	
Independent director	Wu, Hui-Huang	5	0	100%	
Independent director	Chen, Jin-Cai	4	1	80%	
Independent director	Lee, Ming-Yu	5	0	100%	

Other mentionable items:

1.The date of board meeting, the term, the content of proposal in board meeting, the opinions of all independent directors, and the Company’s response or action to the independent directors’ opinions shall be specified in the meeting minutes if one of the following situations is met:

(1) The items listed in article #14-3 of Security Act. Please refer to pages 63 to 64 of the important resolutions of the Board of Directors.

(2) In addition to Item #(1) above, those resolutions accompanying with independent directors’ written objection or qualification. (None)

2. If there are directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified:

(1)Date: 2022/04/25

Contents of motion: Replacement of Company’s Manager

The directors of conflict of interest: Liao, Sih-Jheng

Reason: According to article 15 of “Rules of Procedure for Board of Directors Meeting”, Liao, Sih-Jheng, who serves as chairman may not participate in discussion or voting on that agenda.

Conclusion: 9 directors attended, and 1 person were deducted due to conflict of interest. The voting result was 8 people favorable. The proposal was approved.

(2)Date: 2022/07/25

Contents of motion: For the proposed 2021 amount on managers’ compensations, the proposed 2022 adjustment on managers’ compensations and the proposed 2022 restricted stocks awards plan for employees

The directors of conflict of interest: Tong, Zi-Xian, Liao, Sih-Jheng, Chen, He-Xu, Zhang, Qian-Wei, Hu, Gui-Qin

Reason: According to article 15 of “Rules of Procedure for Board of Directors Meeting”, Tong, Zi-Xian, Liao, Sih-Jheng, Chen, He-Xu, Zhang, Qian-Wei, Hu, Gui-Qin are managers in the company, they may not participate in discussion or voting on that agenda.

Conclusion: 9 directors attended, and 5 persons were deducted due to conflict of interest. The voting result was 4 people favorable. The proposal was approved.

(3)Date: 2022/12/27

Contents of motion: For the proposed 2022 payment on year-end bonus for managers.

The directors of conflict of interest: Chen, He-Xu, Zhang, Qian-Wei, Hu, Gui-Qin

Reason: According to article 15 of "Rules of Procedure for Board of Directors Meeting", Chen, He-Xu, Zhang, Qian-Wei and Hu, Gui-Qin are managers in the company, they may not participate in discussion or voting on that agenda. Attending Tong, Zi-Xian and Liao, Sih-Jheng did not receive the year-end bonus of the manager. They have no interest in the matters of this meeting, so there is no reason to avoid it.

Conclusion: 9 directors attended, and 3 persons were deducted due to conflict of interest. The voting result was 6 people favorable. The proposal was approved.

3. Listed OTC companies should disclose information on the evaluation cycle and period, evaluation scope, methods, and evaluation contents of the board 's self (or peer) evaluation, and fill out the schedule for the implementation of the board 's evaluation: Refer to Note 1.

4. Measures taken to strengthen the functionality of the board:

(1) The Company has established the "Rules of Procedure for Board of Directors Meeting" for compliance, and entered the attendance of directors and the training situation at the Market Observation Post System.

(2) The audit committee consists of three independent directors and shall meet at least quarterly. The audit committee is responsible for the implementation of auditing the company's financial statements, the election and relieved of the certified public accountant, independence and performance, effective implementation of the company's internal control, the company's compliance with relevant laws and regulations and the company's existing or potential risks.

(3) The remuneration Committee consists of three independent directors and shall meet twice a year. The remuneration Committee is responsible for reviewing the procedures and proposing amendments, setting and reviewing the annual and long-term performance targets and salary remuneration policies, systems, standards and structures of the directors and managers of the Company and regularly assessing the individual salary remuneration.

Remark:

1. Director or supervisor, who is an institutional shareholder and its representative, should be revealed of the names.
2. (1) Supervisors resigning prior to the end of the year should be indicated in the notes column the date of resign. The actual attendance rate (%) is calculated based on the accumulation of attendance in Board meeting divided by the times of board meeting before his/her resigning.

   (2) For any re-election of director/supervisor, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting divided by the times of board meeting after his/her election.

Note 1:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Evaluation result
Execute once a year	The performance of the board of directors from January 1, 2022 to December 31, 2022 was evaluated.	Including the performance evaluation of the entire Board of Directors, individual directors, and functional committees. (Functional committees include audit committee and remuneration committee)	Evaluate the Performance by Self-evaluation in the Board of Directors, Self-evaluation by the Members of the directors, or other appropriate way.	(1)Performance evaluation of Board of Directors: including the participation of company operation, upgrading the quality of Board of Director’s decisions, the composition and structure of Board of Directors, directors selection and continuing education, and Internal Control, etc. (2)Performance evaluation of directors: including mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc. (3)Performance evaluation of functional committee: including the degree of participation in the company's operations, awareness of the responsibilities of the functional committee, improvement of the decision-making quality of the functional committee, the composition of the functional committee and the selection of members, internal control, etc.	The company has completed the performance evaluation of the board of directors in 2022, and the board of directors will report the evaluation results on February 13, 2023. The performance evaluation results of the board of directors are excellent, the performance evaluation results of board members are excellent, and the evaluation results of functional committees (including the audit committee and remuneration committee) are excellent. Overall, the board of directors and functional committees are operating well, and most of the evaluation indicators are positive. We will continue to strengthen the operational efficiency of the board of directors and functional committees to implement corporate governance.

(B)The state of operations of the audit committee

A total of 5 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】(Remark 1 and 2)	Note
Independent director (Convener)	Wu, Hui-Huang	5	0	100%	
Independent director	Chen, Jin-Cai	4	1	80%	
Independent director	Lee, Ming-Yu	5	0	100%	

Other mentionable items:

1. The date of board meeting, the term, the content of proposal in board meeting, contents of independent directors' objections, reservations or major proposals, and the Company's response or action to the independent directors' opinions shall be specified in the meeting minutes if one of the following situations is met:
   (1) The items listed in article #14-5 of Security Act. Refer to Note 1.
   (2) In addition to Item # (1) above, those resolutions accompanying with independent directors' written objection or qualification. (None)
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: NA
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.) The independent directors periodically meet with the internal auditors and CPAs for reviewing operational performance, financial statements, internal control, as well as internal audit plan and execution. In addition to internal auditors' reports, the independent directors also obtained auditors' review or audit reports. The communications were recorded in audit committee meeting minutes and reported the material items or resolutions to the board of directors periodically. It included:
   (1) The CPA will report the financial report audit or review results and the implementation of internal control, and fully communicate whether there is any major adjustment entry or whether the amendment of the law affects the accounting situation.
   (2) Regularly evaluate the independence and suitability of CPA every year.
   (3) For other communication matters required by relevant laws and regulations, the CPA will cooperate to provide necessary information and explanations.
   (4) The internal audit unit of the company sends the audit report to the independent directors for review every month, and discusses and revises the "internal control system" and "internal audit system" according to the practical operation.

Remark:

1. Independent Director resigning before the end of the year should be indicated in the notes column date of release. The actual attendance rate (%) is calculated based on the accumulation of attendance in board meeting divided by the times of board meeting before his/her resigning.
2. For any re-election of independent director, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting divided by the times of board meeting after his/her election.

Note 1:

The date of Audit Committee (session)	The content of proposal	The opinions of all independent directors	The Company's response or action to the independent directors' opinions	Resolution result
2022/02/15 (The fourth time of the fourth)	1.2021 Business report, parent-company-only financial statements, and consolidated financial statements 2.2021 earnings distribution of cash dividends 3.Approve the 2021 Management's Reports on Internal Control 4.To amend the procedure of the Company's acquisition or disposal of assets 5.Issuance of Restricted Stock Awards (RSA)	None	None	All members of the Audit Committee agreed to adopt
2022/04/25 (The fifth time of the fourth)	1. The 1st quarter 2022 consolidated financial report 2. Ratification of individual real estates acquisition 3. The company conduct the renewal application of derivative financial commodity transaction quotas	None	None	All members of the Audit Committee agreed to adopt
2022/07/25 (The sixth time of the fourth)	1.The 2st quarter 2022 consolidated financial report 2.Ratification of individual real estates acquisition	None	None	All members of the Audit Committee agreed to adopt
2022/10/31 (The seventh time of the fourth)	1. The 3rd quarter 2022 consolidated financial report 2. Approve the 2023 internal audit plan	None	None	All members of the Audit Committee agreed to adopt
2022/12/27 (The eithth time of the fourth)	1. The company's 2023 annual accountant independence assessment, accountant appointment and its compensation case	None	None	All members of the Audit Committee agreed to adopt

(2) The operation of the Audit Committee is to supervise the company's implementation of relevant accounting, internal control, expression of financial statements and compliance with laws and regulations, and its deliberations mainly include:

1. The amendment to internal control system and the effectiveness of the internal control system.
2. The amendment to the procedure of significant transactions, such as acquisition/ disposal of individual real estate, derivative instrument transactions or financing/endorsement/guarantee provided to others.
3. Significant asset, derivative instrument transactions, or Financing/Endorsement/ Guarantee provided to others.
4. Issuance of securities with equity nature.
5. Assess CPA's independency, approve the engagement of auditors and the audit fee.
6. Appointment and dismissal of finance, accounting or internal audit supervisor.
7. Financial Statements.
8. Business report, earnings distribution or loss make-up proposal.

(C) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such departure

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	Yes		"Code of practice for corporate governance" has been exposed on the Company Web site and public observatories.	No obvious deviation
2. Shareholding structure & shareholders' rights				
(1)Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	Yes		(1)The Company has established "Internal material information processing procedures," Spokesman system has been established according to regulations and they will handle related issues.	No obvious deviation
(2)Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	Yes		(2)The Company currently has a good relationship with major shareholders and can keep track of the list of major shareholders at any time.	No obvious deviation
(3)Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	Yes		(3)According to the Company "internal control system", "internal audit system" and other related laws and regulations.	No obvious deviation
(4)Does the Company establish internal rules against insiders trading with undisclosed information?	Yes		(4)According to the Company "for possible insider trading, operating procedures", "code of conduct" and other related laws and regulations.	No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors				
(1)Does the Board develop and implement a diversified policy for the composition of its members?	Yes		(1)Article 20 of Corporate Governance Best Practice Principles has established a policy of diversity of board members. Every director has Professional knowledge including law, accounting, industry, finance, marketing, technology, professional skills, and industry experience (please refer to page 17 for Diversity of Board Members) to comply with member diversification.	(1) No obvious deviation
(2)Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		No	(2)Functional commissions will be created to meet the need of operating situation of the Company and other various.	(2) Will aggressively assessing the need of functional commissions.
(3)Does the Company establish a standard to measure the performance of the Board, and implement it annually, report the results of the performance evaluation to the board of directors and is also used as a reference for individual directors' remuneration and nomination renewal?	Yes		(3)The company has formulated the "Board Performance Evaluation Method". The performance evaluation will be carried out regularly every year according to the measures, and the results of the performance evaluation will be reported to the board of directors. The result of 2022 board performance evaluation has already reported to the board on February 13, 2023.	(3) No obvious deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>(4)Does the Company regularly evaluate the independence of CPAs?</td><td>Yes</td><td></td><td>(4)The board of directors evaluates the independence of accountants and approves the appointment of the accountants' law by referring to Article 47 of the Accountants Law, No. 10 of the Code of Professional Ethics of Accountants and Audit Quality Indicators(AQI). Please refer to Note 1 for assessment items. (The last evaluation date is on December 27, 2022 and February 13, 2023)</td><td>(4) No obvious deviation</td></tr>
</table>

4. Has a listed company assigned a specific or other department to take in-charge of detailed matters of implementing corporate governance? (including, but not limited to, furnishing directors or supervisors with information needed, preparing the data for board meeting and shareholders' meeting, executing business registration, preparing the minutes of board and shareholders' meeting.)	Yes		1. The company passed the resolution of the board of directors on April 29, 2019 and appointed the senior director of the financial department Liu, Su-Zhen as the head of corporate governance to protect the rights of shareholders and strengthen the functions of the board of directors. Senior Director Liu Su-Zhen has more than three years of experience as a financial director in a public offering company. The main responsibilities of the corporate governance supervisor are to handle matters related to the meetings of the board of directors and shareholders 'meetings in accordance with the law, to produce the minutes of the board of directors and shareholders' meetings, to assist the directors in taking office and continuing education, to provide the directors with information necessary for the execution of business, and to assist the directors to comply with laws and regulations. 2. 2022 business execution situation is as follows: (1) Assist independent directors and general directors to perform their duties, provide necessary information	No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			and arrange directors' further training. (2) Assist the board of directors and shareholders in meeting procedures and resolutions. (3) Draft the agenda of the board of directors to notify the directors seven days ago, convene the meeting and provide meeting materials, and complete the minutes of the directors' meeting within 20 days. (4) Handle the pre-registration of the shareholders' meeting in accordance with the law, prepare the meeting notice, the discussion manual, and the minutes within the statutory time limit, and handle the change registration in the revised articles of association. 3. Please refer to Note 2 for the training situation of the head of corporate governance.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (Including, but not limited to, shareholders, employees, customers and suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	Yes		The Company has established section on its website, providing e-mail, special channel and hotline for stakeholder complaint. Moreover, company has specialist handled and responded issues for stakeholders.	No obvious deviation
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	Yes		Companies entrust KGI stock agency to handle the relevant Affairs of the Department.	No obvious deviation
7. Information Disclosure (1)Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2)Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3)Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second,	 Yes Yes Yes		(1)The Company has set up a Chinese/English website to disclose information regarding the Company's financials, business and corporate governance status. (2)The Company's external information has relevant departments responsible for collecting and disclosing it in accordance with regulations. Company also has spokesman system, making public statements and respond to shareholders' opinions and reactions. (3)The company has announced and declared the annual financial report within two months after the end of the fiscal year, and announced and declared the first, second, and	 (1) No obvious deviation (2) No obvious deviation (3) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
and third quarter financial reports and the monthly operating situation within the prescribed time limit?			third quarter financial reports and the monthly operating conditions within the prescribed period.	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	Yes		(1)The Company in accordance with the relevant statutes provide personnel regulations to protect employees' rights. (2)Spokesman system and company website have been established to keep good relationship with the interests. (3)Directors decree training are held as regulated. (4)Company crisis management policy、crisis measurement standard and relevant customer policy have been stipulated and put into practice. (5)Company directors have been appropriated liability insurance.	No obvious deviation

9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange.

Achievements:
Formulate relevant policies and specific response plans for information security risk management, and disclose them on the Company's website or annual report.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
To be enhanced in priority: Formulate risk management policies and procedures approved by the board of directors, disclose the scope of risk management, organizational structure and its operation, and report to the board of directors at least once a year.				

Note 1: Criteria for assessing the independence and fitness of accountants

Item	independence and fitness	Yes or No
1	As of the last audit, there has been no change in the past seven years.	Yes
2	There is no significant financial interest with the client.	Yes
3	Avoid any inappropriate relationship with the client.	Yes
4	Accountants shall maintain the honesty, impartiality and independence of their assistants.	Yes
5	The financial statements of the service organization within the two years prior to practicing shall not be subject to audit.	Yes
6	The name of the accountant shall not be used by others.	Yes
7	Shall not hold any shares of the company and its affiliated companies.	Yes
8	There is no financial loan with the company and its affiliated companies.	Yes
9	There is no joint investment or benefit-sharing relationship with the company or affiliated companies.	Yes
10	Not concurrently working in the company or affiliated companies and receiving fixed salary.	Yes
11	It does not involve the management function of the company or its affiliated companies to make decisions.	Yes
12	Not concurrently operating other businesses that may lose its independence.	Yes
13	There is no relationship between spouse, direct blood relatives, direct blood relatives, or collateral blood relatives within the second degree of relationship with the management personnel of the company.	Yes
14	No business-related commissions are charged.	Yes
15	So far, there has been no sanction or violation of the principle of independence.	Yes

AQI disclosure framework

Profession	Quality Managment	Independance	Monitoring	Innovation
• Audit Experience • Training Hours • Attrition Rate • Professional Support	• Workload • Involvement • EQCR • Quality Supporting Capacity	• Non Audit Service (NAS) • Familiarity	• External Inspection Results & Enforcement • Number of Official Improvement Letters Issuedby Authority	• Innovative Planning or Initiatives

Note 2: Corporate governance executive training

Date of study		Organizer	Course Title	Hours of study
From	To			
2022/02/16	2022/02/16	Republic of China Accounting Research and Development Foundation	Global enterprise ESG sustainable trends and management strategies	3
2022/04/25	2022/04/25	Chinese Corporate Governance Association	Net zero, carbon neutral and regulatory compliance of enterprise	3
2022/05/18	2022/05/18	Republic of China Accounting Research and Development Foundation	Innovation trends and mindsets: evaluating of enterprise ESG sustainable performance	3
2022/10/31	2022/10/31	Chinese Corporate Governance Association	Discussion on how to protect company’s brand value, using trademark for an example	3

(D)If the Company has a compensation committee or nomination committee in place, the composition and operation of the compensation committee shall be disclosed

a. Professional Qualifications and Independence Analysis of Remuneration Committee Members

As of April 2, 2023

Title	Criteria / Name	Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director (Convener)	Wu, Hui-Huang	Please refer to pages 15 to 16 for professional qualifications and independence analysis of directors.		2
Independent Director	Chen, Jin-Cai			2
Independent Director	Lee, Ming-Yu			1

b. Attendance of Members at Remuneration Committee Meetings

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

(b)Current member tenure: 2021/07/12-2024/07/11. A total of 4 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%)【B / A】	Note
Convener	Wu, Hui-Huang	4	0	100%	
Committee Member	Chen, Jin-Cai	3	1	75%	
Committee Member	Lee, Ming-Yu	4	0	100%	
Other mentionable items: 1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's					

opinion (e.g. the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): N/A 2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: N/A

Remark:

1. Remuneration committee member resign before the end of the year should be indicated in the notes column date of release, the actual attendance rate (%) based on the accumulation of attendance in board meeting.
2. If any Remuneration committee member re-election, the old and the new one should be revealed with remarks and the actual attendance rate (%) based on the accumulation of attendance in board meeting in the column.

c. Scope of the official powers of Remuneration Committee

The basis for the Remuneration Committee Charter, and present its recommendations to the board of directors for discussion, scope of the official powers of Remuneration Committee are:

1. Periodically reviewing this Charter and making recommendations for amendments.
2. Establishing and periodically reviewing the annual and long-term performance goals for the directors, supervisors, and managerial officers of this Corporation and the policies, systems, standards, and structure for their compensation.
3. Periodically assessing the individual compensation to which performance goals for the directors, and managerial officers of this Corporation.

The Remuneration Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

1. Ensuring that the compensation arrangements of this Corporation comply with applicable laws and regulations and are sufficient to recruit outstanding talent.
2. Performance assessments and compensation levels of directors, and managerial officers shall consider the general pay levels in the industry, between the individual's performance and this Corporation's operational performance and future risk exposure, with respect to the

achievement of short-term and long-term business goals and the financial position of this Corporation.

3. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.

4. For directors and senior managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of this Corporation's business.

d. The discussion of Remuneration Committee, the result of Remuneration Committee's resolution and the company processes which expressed by the Committee members

The date of board meeting (session)	The content of proposal	The opinions of independent directors	The Company's response or action to the independent directors' opinions	Resolution result
2022/02/15 (The third time of the fifth)	1. Approve 2021 compensation to employee and directors	None	None	All members of the Committee agreed to adopt.
2022/04/25 (The fourth time of the fifth)	1. Revise company's compensation method to directors 2. The Company's "manager" personnel change case	None	None	All members of the Committee agreed to adopt.
2022/7/25 (The fifth time of the fifth)	1. Distribution of 2021 compensation to directors 2. For the proposed 2021 amounts of employee compensation for managers	None	None	All members of the Committee agreed to adopt.

The date of board meeting (session)	The content of proposal	The opinions of independent directors	The Company's response or action to the independent directors' opinions	Resolution result
	3. For the proposed 2022 adjustment on managers' compensations 4. For the proposed 2022 restricted stocks awards plan for employees			
2022/12/27 (The sixth time of the fifth)	1. Proposal on the number of months of year-end bonus distribution for managers of the company in 2022	None	None	All members of the Committee agreed to adopt.

(E)The state of the Company's performance of corporate social responsibilities

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company set up a full-time (part-time) department that promotes sustainable development, and the board of directors authorizes the senior management to handle it, and supervised by the board of directors?	Yes		The company has set up a sustainable development committee, the purpose of which is to implement the commitment of Kinsus to the society which including corporate governance, environmental protection, social welfare and labor relations. The CEO serves as the chairman, the general manager serves as the management representative, ensuring that the company complies with international trends and regulatory changes, analyzing ESG strategy, communicating with stakeholders, guiding	No obvious deviation

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			evaluating ESG reports. In order to improve the Company's long-term competitiveness, corporate social responsibility. We aim at developing ESG sustainable goal, "net zero" strategy and environmental friendly substrates. Furthermore, on July 1, 2022, the Company established the Sustainable Management Office. The board of directors judged the feasibility of the strategy proposed by the sustainable management office, reviewed the development of the strategy, supervised and adjusted it when necessary. On December 27, 2022, Sustainable Management Office reported their execution result in this year to the board of directors.	
2.Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	Yes		The company conducts risk assessments of important issues on the basis of the principle of sustainable development, and formulates relevant risk management policies or strategies based on the assessed risks: (1)Environment: Through the establishment of a management system, we can effectively manage energy consumption during operation, reduce carbon emissions and waste, and reduce the impact on the environment. Provide a safe workplace environment, and provide education, training and response drills according to risk categories to protect the personal safety of employees and	No obvious deviation

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			reduce potential risks in the office and operating environment to ensure uninterrupted business activities. (2)Society: To establish a common ESG goal, through regular audit activities, management review and procedures, to ensure that the continuous management of operations is indeed effective, and to establish a strong competitive supply chain with suppliers. With the most advanced and high-quality products, it provides customers with new value, and promises to provide the necessary resources for continuous operation management to ensure that the operation of customers remains normal. (3)Corporate Governance: Identify and analyze the risks that the company may face in advance, and then take pre-control measures and continuous monitoring and improvement procedures to minimize the possibility of potential risks and minimize the impact on company goals.	
3. Environmental issues (1)Does the company establish an appropriate environmental management system according to its industrial characteristics?	Yes		(1)The company has established a suitable environmental management system based on ISO14001 (environmental management system standard), passed the verification of a third-party organization. The certification has been disclosed on official website.	(1) No obvious deviation

Promotion Item	Execution Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(2)Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load?	Yes		(2)The company actively promotes energy-saving and power-saving actions, and carries out energy-saving projects in conjunction with the equipment of each plant, adjusts equipment automation management according to changes in production capacity demand, and achieves streamlining of various energy use, and promotes garbage classification and resource recovery to reduce the impact on environmental pollution.	(2) No obvious deviation
(3)Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take measures to address related issues?	Yes		(3)The company pursues sustainable business development and actively grasps and manages risks and uncertainties. In terms of environmental safety and health management, the risks of natural disasters caused by climate change continue to increase and respond to the expansion of factories. The use of production line chemicals and equipment is increasingly important. Through the establishment of a management system, we can effectively manage energy consumption during operation, reduce carbon emissions and waste, and reduce the impact on the environment. Provide a safe workplace environment, provide education and training and response drills according to the risk category, protect the personal safety of employees, reduce potential risks in the office and operating environment to ensure uninterrupted business activities.	(3) No obvious deviation

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4) Does the company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water use reduction or other waste management?	Yes		(4) The company has disclosed greenhouse gas emissions, used of water, weight of industrial waste and its reduction plan in the sustainability report every year. The information in of 2022 will be updated in FY 2022 sustainability report. Greenhouse gas emissions (t-CO2e) in the past two years: 236,853.7178 (2020), 401,097.0400 (2021) Water consumption in the past two years (tons): 5,771,416 (2020), 6,027,037 (2021) Total weight of waste in the past two years (tons): 10,624.57 (2020), 13,047.30 (2021) The company will carry out energy saving and carbon reduction, greenhouse gas reduction, water reduction and waste disposal. Implement relevant activities in accordance with relevant management guidelines. 1.Reduce resource and energy consumption of products and services. 2.Reduce the discharge of pollutants, toxic substances and waste, and properly dispose of waste. 3.Use energy-saving and environmentally friendly raw materials. 4.Extend the durability of products and increase the performance of products and services.	(4) No obvious deviation

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			5.Promote energy-saving and power-saving actions in each factory. Execute energy-saving projects in combination with the equipment of each factory, and adjust equipment automation management in response to changes in production capacity requirements. 6.Promote various water-saving measures to improve the efficiency of water resource utilization. 7.Promote industrial effluent reuse. The company strictly controls waste liquid and waste water discharge. 8.Implement waste-to-reuse, and actively promote the transformation of waste from incineration into auxiliary fuel rods. 9.Set recycling targets and track the achievement year by year. 10.After sorting and counting the waste, review the waste reduction under the output efficiency.	
4. Social issues (1)Has the company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	Yes		(1) The company abides by relevant labor regulations and refers to the "Universal Declaration of Human Rights" established by the United Nations, and establishes relevant management procedures to safeguard the human rights of labor. The content includes free choice of occupation, young labor, working hours, wages and	(1) No obvious deviation

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			benefits, non-discrimination, freedom Associate suppliers' social responsibility, etc. For details, please refer to the company's sustainable development report.	
(2)Does the company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation?	Yes		(2) The company's articles of association stipulate that if the company makes a profit in the year, no less than 10% should be allocated for employee compensation. In addition to the basic salary and bonuses, the salary policy is also based on the company's operating conditions. Flexible salary changes are provided to encourage morale and retain outstanding employees in a timely manner. The annual salary adjustments are based on the employee's grade and performance appraisal.	(2) No obvious deviation
(3)Does the company provide a safe and healthy work environment for employees, and regularly implement safety and health education for employees?	Yes		(3) The company complies with the requirements of ISO 14001 and ISO 45001 international standards, that is, the systemization of environmental safety and health management activities, and in order to establish, implement, maintain and improve the environmental safety and health management system, to ensure compliance with the company's declared environmental safety and health policy, and clear Formulate relevant management activities procedures; in addition, formulate labor safety management plans, hold labor safety meetings, implement automatic inspection and occupational safety and health education and training every year.	(3) No obvious deviation

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4) Does the company establish an effective career development training program for employees?	Yes		(4) The company regularly organizes employee education and training, covering development projects that enhance employees' career capabilities. The training plan is as follows: a. Demand survey: An annual training demand survey is conducted every year as a reference for compiling the training plan for the next year. b. Plan: Each department evaluates the professional training needs within the department, and refers to the part to be strengthened and the part that needs to be re-arranged in the annual training plan questionnaire for employees, and formulates in line with the company's overall development goals and serves as the basis for implementation.	(4) No obvious deviation
(5) With regard to customer health and safety, customer privacy, marketing and labeling of products and services and other issues, has the company followed relevant regulations and international standards, and formulated relevant consumer protection policies and appeal procedures?	Yes		(5) The company does not directly supply products or labor services to consumers but has dedicated business personnel responsible for product follow-up services to company customers, and the company's products are clearly marked according to laws and regulations.	(5) No obvious deviation
(6) Does the company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights,	Yes		(6) The company implements green thinking through procurement strength, and the procurement of raw materials. In addition to prohibiting harmful substances, the procurement of raw materials also expands the	(6) No obvious deviation

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
and their implementation?			procurement of environmental protection products and the use of products in conflict mineral areas The environmental impact of materials. According to the Responsible Business Alliance (RBA), the supplier's social responsibility code of conduct, labor, health and safety, environmental standards, business ethics and management systems are formulated to ensure that suppliers have a safe working environment, employees are respected and dignified, and business operations are environmentally friendly and abide by ethical conduct. The company has incorporated conflict-free-minerals into its supplier management policy, based on the RBA specification, and excludes the use of raw materials for production: Democratic Republic of Congo, requires it to sign the supplier's statement on the prohibition of conflict minerals, and promises and supports not to buy Conflict Metal. Appropriate and complete evaluation before cooperation with suppliers.	
5. Does the company refer to the internationally prepared reporting standards or guidelines for preparing sustainable development reports and other reports that disclose non-financial information? Did the pre-report report obtain the confidence or assurance opinion of the third-party verification unit?	Yes		The 2021 sustainable report was verified externally by TUV NORD, and the verification results met the requirements of the core standards of the GRI Standards (GRI Standards) and the spirit of the AA1000 Guarantee Standard Type 1. 2022 sustainable report hasn't been published before the completion of the annual report.	No obvious deviation

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
6. If the Company has established the sustainable development principles based on "the sustainable development Best-Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the Principles and their implementation: No obvious deviation				
7. Other important information to facilitate better understanding of the Company's sustainable development practices: None				

(F)The state of the Company's performance in good faith management and the adoption of related measures

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs (1)Does the company formulate the ethical corporate management policies and procedures approved by the board of directors, and stated in the guidelines and external documents the policies and practices of ethical corporate management, as well as the commitment of the board of directors and senior management to actively implement the management policy?	Yes		(1) The "Code of conduct for Integrity" approved at board meeting are revealed on its website and the Market Observation Post System (MOPS)	(1) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the Company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	Yes		(2) The "Code of conduct for Integrity" stipulates the scope in the prohibition of any dishonest behavior and prevention programs.	(2) No obvious deviation
(3) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	Yes		(3) The "Code of conduct for Integrity" prohibits any dishonest behavior and prevention programs.	(3) No obvious deviation
2.Fulfill operations integrity policy				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	Yes		(1) The Company evaluates business partners' ethical records and include ethics-related clauses in business contracts.	(1) No obvious deviation
(2) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to oversee corporate integrity and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonest behaviors and supervision and implementation?	Yes		(2) In order to improve the management of integrity management, HR is responsible for the formulation and supervision of the integrity management policy and prevention plan, and reported to the board of directors on December 27, 2022.	(2) No obvious deviation
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	Yes		(3) The" Code of Conduct for Integrity" is made as the business standard for the employees, contractors, suppliers, and business partners.	(3) No obvious deviation

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	Yes		(4) Sound corporate accounting and internal control system, and audit plan is made and exercised by internal auditors every year.	(4) No obvious deviation
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	Yes		(5) Company regularly conducts employee education and training, including for business ethical business courses.	(5) No obvious deviation
3.Operation of the integrity channel				
(1) Does the Company establish both a reward or punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	Yes		(1) "Employee reporting and complaint handling procedures" is made for the protection of supplier and employee reporting and complaint rights.	(1) No obvious deviation
(2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases?	Yes		(2) "Employee reporting and complaint handling procedures" is clearly stipulated the relevant procedure and confidentiality.	(2) No obvious deviation
(3) Does the Company provide proper whistleblower protection?	Yes		(3) "Employee reporting and complaint handling procedures" render protection to the petitioner from any possible revenge.	(3) No obvious deviation
4.Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	Yes		The" Code of Conduct for Integrity" has been revealed on corporate website. (http://www.kinsus.com.tw)	No obvious deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td colspan="5">5.If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: No obvious deviation</td></tr>
<tr><td colspan="5">6.Other important information to facilitate a better understanding of the Company’s ethical corporate management policies: None</td></tr>
</table>

(G)If the Company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.

Please refer to the Company’s website at http://www.kinsus.com.tw/zh-TW/Download/other-information.

(H)Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance: None

(I) The state of implementation of the Company’s internal control system

a. For a Statement on Internal Control: Please refer to page 69 of the Statement of internal control.
b. A CPA has been hired to carry out a special audit of the internal control system: None

(J) For the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None

(K)Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

a. Material resolutions of 2022 shareholders meeting (at May 27, 2022)

Item	Date	Major resolutions
Shareholders’ meeting	May 27, 2022	A. Approval of the 2021 business report, financial statements and consolidated financial statements: Attending votes: 357,806,079 (Of which the exercise of the voting rights by electronic means: 357,790,495) Favorable votes: 331,365,903 (Of which the exercise of the voting rights by electronic means: 331,364,319) Unfavorable votes: 37,089 (Of which the exercise of the voting rights by electronic means: 37,089) Invalid votes: 0 Abstention and Not votes: 26,403,087 (Of which the exercise of the voting rights by electronic means: 26,389,087) Implementation of the situation: The resolution was adopted.

		B. Approval of the distribution of 2021 retained earnings: (see Table 1 below) Attending votes: 357,806,079 (Of which the exercise of the voting rights by electronic means: 357,790,495) Favorable votes: 331,883,505 (Of which the exercise of the voting rights by electronic means: 331,881,921) Unfavorable votes: 57,597 (Of which the exercise of the voting rights by electronic means: 57,597) Invalid votes: 0 Abstention and Not votes: 25,864,977 (Of which the exercise of the voting rights by electronic means: 25,850,977) Implementation of the situation: The resolution was adopted and the dividends have been distributed on August 12, 2022 accordingly.
		C. Amendment to the Articles of Incorporation Attending votes: 357,806,079 (Of which the exercise of the voting rights by electronic means: 357,790,495) Favorable votes: 328,626,327 (Of which the exercise of the voting rights by electronic means: 328,624,743) Unfavorable votes: 2,492,275 (Of which the exercise of the voting rights by electronic means: 2,492,275) Invalid votes: 0 Abstention and Not votes: 26,687,477 (Of which the exercise of the voting rights by electronic means: 26,673,477) Implementation of the situation: The resolution was adopted and has been implemented in accordance with the revised charter.
		D. Amendment to the Company's Procedures for Acquisition or Disposal of Assets. Attending votes: 357,806,079 (Of which the exercise of the voting rights by electronic means: 357,790,495) Favorable votes: 331,305,963 (Of which the exercise of the voting rights by electronic means: 331,304,379) Unfavorable votes: 40,099 (Of which the exercise of the voting rights by electronic means: 40,099) Invalid votes: 0 Abstention and Not votes: 26,460,017 (Of which the exercise of the voting rights by electronic means: 26,446,017) Implementation of the situation: The resolution was adopted and has been implemented in accordance with the revised charter.

		E. Issue restricted stocks awards for employees. Attending votes: 357,806,079 (Of which the exercise of the voting rights by electronic means: 357,790,495) Favorable votes: 283,840,841 (Of which the exercise of the voting rights by electronic means: 283,839,257) Unfavorable votes: 47,269,781 (Of which the exercise of the voting rights by electronic means: 47,269,781) Invalid votes: 0 Abstention and Not votes: 26,695,457 (Of which the exercise of the voting rights by electronic means: 26,681,457) Implementation of the situation: The resolution was adopted and issue restricted stock awards (RSA).

Table 1
Kinsus Interconnect Technology Corp.
Earnings Distribution Table
2021

Unit: NT$

Item	Amount
Unappropriated retained earnings (at beginning of period)	$10,380,308,324
Add: Other comprehensive income (loss) in 2021	
-Actuarial gain/loss of defined benefit	9,757,497
Less: Adjustment of reorganization	(845)
Add: Adjustment of employee restricted stocks	62,063
Net income after tax in 2021	3,858,983,221
Less:10% legal reserve	(386,880,194)
Special reserve	(22,091,547)
Distributable earnings	13,840,138,519
Distributions	
Less: Cash dividend to shareholders (NT$4.5 per share)	(2,028,798,270)
Unappropriated retained earnings (at end of period)	$11,811,340,249

b. Material resolutions from the meetings of board of directors

Date of board meeting	Major resolutions	The opinions of independent directors	The Company's response or action to the independent directors' opinions
2022.02.15 (The fifth time of the eighth)	1. To report the 2021 employees' and directors' compensation 2. 2021 Business report, parent-company-only financial statements, and consolidated financial statements 3. 2021 earnings distribution of dividends 4. Approve the 2021 Management's Reports on Internal Control 5. Issue restricted stock awards (RSA) in 2022 6. Amend the "Articles of Incorporation" 7. Amend the "Company's Procedures for Acquisition or Disposal of Assets" 8. Amend the "Company's Ethics of Practice for Corporate Governance" and "Ethics of Practice for Corporate Social Responsibility" 9. The 2022 annual shareholders' meeting convened and related matters	None	None
2022.04.25 (The sixth time of the eighth)	1. The 1st quarter 2022 consolidated financial report 2. Ratification of the Company's acquisition of assets 3. Change 2022 Capital Expenditure 4. Resolve the bank facility 5. The company conduct the renewal application of derivative financial commodity transaction quotas 6. Revise company's compensation method to directors 7. The Company's "manager" personnel change case	None	None
2022.07.25 (The seventh time of the eighth)	1. The 2nd quarter 2022 consolidated financial report 2. Ratification of the Company's acquisition of assets 3. Change 2022 Capital Expenditure 4. Distribution of 2021 compensation to directors 5. For the proposed 2021 amounts of employee compensation for managers 6. For the proposed 2022 annual salary adjustment for managers 7. For the proposed 2022 restricted stocks plan for employees	None	None

Date of board meeting	Major resolutions	The opinions of independent directors	The Company's response or action to the independent directors' opinions
2022.10.31 (The eighth time of the eighth)	1. The 3rd quarter 2022 consolidated financial report 2. For the proposed to prepare the company's "2023 Annual Audit Plan" 3. Resolve the application of bank facility	None	None
2022.12.27 (The ninth time of the eighth)	1. 2023 annual business plan and annual budget 2. The company's 2023 annual assessment CPA independence, accountant appointment and remuneration 3. Revise "Rules of Procedure for Board of Directors Meeting" and establish "Material Information Management Procedure" 4. Resolve the application of bank facility 5. Proposal on the number of months of year-end bonus distribution for managers of the company in 2022	None	None
2023.02.13 (The tenth time of the eighth)	1. To report the 2022 employees' and directors' compensation 2. 2022 Business report, parent-company-only financial statements, and consolidated financial statements 3. 2022 earnings distribution of dividends 4. Approve the 2022 Management's Reports on Internal Control 5. Amend the "Accounting Principle", "Internal control system", "internal audit system", "Company's Ethics of Practice for Corporate Governance" 6. Establish the "General Policy on Pre-Approval for Non-Assurance Services" 7. Ratification of individual real estates acquisition 8. Change of former CPAs 9. The 2023 annual shareholders' meeting convened and related matters 10. The cancellation of restricted shares to employees 11. The 2nd issuance of restricted stock to employees for 2022	None	None

(L)Where, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None

(M)A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer: None

(4) Information on CPA professional fees

Unit: NT$'000

Name of Accounting Firm	Name of CPA	Audit Period	Fees	Non-audit fees (Remark 1)	Total	Note
Ernst & Young	Hong, Mao-Yi	2022/01/01~ 2022/12/31	3,950	877	4,827	
	Cheng, Ching-Piao					

Remark:

1. Non-audit fees include tax service, transfer pricing, group master reporting and change registration.

(A) Change of the accounting firm with a decrease in the audit fees paid in the year of change compared to the year before the change. The amount of fees before and after the replacement and the reasons should be disclosed: None

(B) The audit fees reduced by 10% or more compared to the previous year. The amount of fees before and after the change, proportion and the reasons should be disclosed: None

(5) Information on replacement of certified public accountant: No applicable

(6) Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held: None

(7) Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

(A)Changes in equity due to transfer and pledge by directors, supervisors, officers, and greater-than-10-percent shareholders

a. Changes in shareholdings of Directors, Officers, and Major Shareholders

Unit: Shares

Title	Name	2022		As of April 2, 2023	
		Increase (Decrease) in # of Shares Held	Increase (Decrease) in # of Shares Pledged	Increase (Decrease) in # of Shares Held	Increase (Decrease) in # of Shares Pledged
Chairman & Vice CSO	Liao, Sih-Jheng (Remark 1)	43,000	–	142,000	–
Director & CSO	Tong, Zi-Xian	10,000	–	32,000	–
Director	Guo, Ming-Dong	–	–	–	–
Director, CEO & GM	Chen, He-Xu	12,000	–	121,000	–
Director (major shareholder)	Asuspower Investment Co., Ltd. Corporate, rep: Zhang, Qian-Wei	–	–	–	–
Technical Director	Zhang, Qian-Wei	7,000	–	(7,000)	–
Director (major shareholder)	Asustek Investment Co., Ltd. Corporate, rep.: Hu, Gui-Qin	–	–	–	–
COO	Hu, Gui-Qin	–	–	–	–
Independent Director	Wu, Hui-Huang	–	–	–	–
Independent Director	Chen, Jin-Cai	–	–	–	–
Independent Director	Lee, Ming-Yu	–	–	–	–
Major Shareholder	Asus Investment Co., Ltd.	–	–	–	–
Senior assistant GM	Huang, Geng-Fang	12,000	–	39,000	–
Senior assistant GM	Huang, Sheng-Chuan	12,000	–	–	–
Assistant GM	Lin, Zhi-Wei	(4,000)	–	39,000	–
Assistant GM	Wu, Wei-Wen	7,000	–	(7,000)	–
Assistant GM	Zhuang, Da-Zhong	12,000	–	39,000	–
Assistant GM	Lee, An-Tang	12,000	–	39,000	–
Chief FIN/ACC manager	Liu, Su-Zhen	7,000	–	22,000	–

Remark:

1. The Chairman, Liao, Sih-Jheng, has served as the deputy CSO since May 1, 2022.

(B) Where the counterparty in any transfer or pledge of equity is a related party, disclose the counterparty's name, its relationship with the Company as well as the Company's directors, supervisors, and greater-than-10-percent shareholders, and the number of shares acquired or pledged: None

(8) Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

Name	Shares Held		Shares Held by Spouse or Minor Children		Total Shares Held in the Name of Others		Title or Name of Its Related Party, Spouse, or Relative Within the Second Degree of Kinship That Is Among Ten Largest Shareholders and Their Relationship		Note
	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	Title (or Name)	Relationship	
Asus Investment Co., Ltd. (Representative: Tong, Zi-Xian)	60,128,417	13.24%	-	-	-	-	Asustek Investment Co., Ltd., Asuspower Investment Co., Ltd.	All are 100% owned by Pegatron Corp.	-
Asustek Investment Co., Ltd. (Representative: Tong, Zi-Xian)	58,233,091	12.82%	-	-	-	-	Asus Investment Co., Ltd., Asuspower Investment Co., Ltd.	All are 100% owned by Pegatron Corp.	-
Asuspower Investment Co., Ltd. (Representative: Tong, Zi-Xian)	55,556,221	12.23%	-	-	-	-	Asus Investment Co., Ltd., Asustek Investment Co., Ltd.	All are 100% owned by Pegatron Corp.	-
Nan Shan Life Insurance Company Ltd. (Representative: Yin, Chung Yao)	15,572,000	3.43%	-	-	-	-	-	-	-
Yuanta/P-shares Taiwan Dividend Plus ETF	12,996,353	2.86%	-	-	-	-	-	-	-
Fubon Life Insurance Co. Ltd. (Representative: Cai, Ming-Xing)	9,803,000	2.16%	-	-	-	-	-	-	-
Cathay Life Insurance Co. Ltd. (Representative: Huang, Tiao-Gui)	8,928,000	1.97%	-	-	-	-	-	-	-
The 2nd-tier new labor pension plan	6,422,000	1.41%	-	-	-	-	-	-	-

JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,886,530	0.86%	-	-	-	-	-	-	-
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Franklin TempletonInvestment Funds - Templeton Asian Smaller Companies Fund	3,664,100	0.81%	-	-	-	-	-	-	-

(9) The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company

Consolidated Shareholding Percentage

Measurement date: Dec. 31, 2022; Unit: Shares; %

Invested Enterprise	Investment by the Company		Investment by Directors, Supervisors, Officers, and Directly or Indirectly Controlled Companies		Consolidated Investment	
	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage	# of Shares	Shareholding Percentage
KINSUS CORP.(USA)	500,000	100%	—	—	500,000	100%
KINSUS HOLDING (SAMOA) LIMITED	164,308,720	100%	—	—	164,308,720	100%
KINSUS HOLDING (CAYMAN) LIMITED	—	—	70,000,000	100%	70,000,000	100%
KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP.	—	—	—	100%	—	100%
KINSUS INVESTMENT CO., LTD.	160,000,000	100%	—	—	160,000,000	100%
PEGAVISION CORP.	—	—	34,135,472	48.76%	34,135,472	48.76%
PIOTEK HOLDINGS LTD.(CAYMAN)	—	—	187,755,000	100%	187,755,000	100%
PIOTEK HOLDING LTD.	—	—	139,840,790	100%	139,840,790	100%
PIOTEK (H.K.) TRADING LIMITED.	—	—	200,000	100%	200,000	100%
PIOTEK COMPUTER (SUZHOU) CO. LTD.	—	—	—	100%	—	100%

PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	—	—	—	100%	—	100%
XIANG SHUO (SUZHOU) TRADING LIMITED (Remark 1)	—	—	—	—	—	—
PEGAVISION JAPAN INC.	—	—	198	100%	198	100%
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	—	—	—	100%	—	100%
Pegavision (Jiangsu) Limited	—	—	—	100%	—	100%
BeautyTech Platform Corporation	—	—	8,500,000	85%	8,500,000	85%
Mayin Investment Co., Ltd.	—	—	21,000,000	100%	21,000,000	100%
FacialBeau International Corporation	—	—	2,750,000	55%	2,750,000	55%
Aquamax Vision Corporation	—	—	11,000,000	100%	11,000,000	100%
BeautyTech Platform (Shanghai) Corporation	—	—	—	100%	—	100%
Pegavision (Jiangsu) Limited	—	—	—	100%	—	100%
IKIDO Inc.	—	—	198	100%	198	100%
RODNA Co., Ltd.	—	—	—	100%	—	100%
BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	—	—	200,000	100%	200,000	100%

Remark:

1. Xiang-Shou (Suzhou) Trading Limited has completed the cancellation of registration in July 2022. On August 12, 2022, the Company applies to MOEA to cancel the investment in Xiang-Shou (Suzhou) Trading Limited.

Kinsus Interconnect Technology Corp.
Statement on Internal Control Systems

Date: February 13th, 2023

Based on the results of self-inspection of the Company's internal control system in 2022, the Company hereby states the following:

(1)The Company is fully aware that establishing, implementing, and maintaining an internal control system are the responsibilities of its board of directors and officers. The Company has established such a system to provide reasonable assurance regarding the achievement of such objectives as effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability of financial reporting, and compliance with applicable laws and regulations.

(2)There are inherent limitations to every internal control system. An effective internal control system can only provide reasonable assurance regarding the achievement of the aforesaid three objectives despite how well-designed it is. Moreover, the effectiveness of an internal control system may vary with changes in environments or circumstances. Nevertheless, the internal control system of the Company comes with a self-supervision mechanism. The Company will take corrective actions immediately after a deficiency is identified.

(3)The Company determines whether the design and implementation of its internal control system are effective according to the criteria for effectiveness of internal control systems as prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "the Regulations"). The internal control system criteria adopted in the Regulations divide an internal control system into five constituent elements based on the management and control processes: a. control environment; b. risk assessment; c. control activities; d. information and communications; and e. monitoring. Each constituent element also comprises several items. See the Regulations for the above-mentioned items.

(4)The Company has adopted the aforesaid internal control system criteria to inspect the effectiveness of the design and implementation of its internal control system.

(5)According to the results of the inspection mentioned above, the Company believes that its internal control system (the supervision and management of its subsidiaries are included) as of December 31, 2022, including the design and implementation of the internal control system regarding the perceived level of achievement of the objectives of operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, is effective, and that it can reasonably assure the achievement of the aforesaid objectives.

(6)This statement will become an essential part of the Company's annual report and prospectus and be disclosed to the public. If the Company is found to make a false statement, conceal information, or violate regulations regarding the disclosed content, it will be subject to the legal liabilities of Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

(7)This statement was adopted by the board of directors of the Company on February 13th, 2023. None of the nine attending directors objected to this statement as all of them approved the content of this statement. Thus, a pronouncement is made herein.

Kinsus Interconnect Technology Corp.

The Chairman: Liao, Sih-Jheng

The General Manager: Chen, He-Xu

4. **Information on Capital Raising Activities**

(1)Capital and Shares

(A)Sources of Capital Stock

a. Types of Shares

As of April 2, 2023 Unit: Shares

Type of Shares	Authorized Capital Stock			Remark
	Outstanding Shares (Note)	Unissued Shares	Total	
common stock	454,219,060	145,780,940	600,000,000	Note

Note: The Company has gone public since Nov. 1, 2004. The shares outstanding are all listed.

b. Formation of Capital Stock

As of April 2, 2023

Month & Year	Issue Price ($)	Authorized Capital Stock		Paid-Up Capital Stock		Note		
		# of Shares (Thousand Shares)	Amount (Thousand Dollars)	# of Shares (Thousand Shares)	Amount (Thousand Dollars)	Source of Capital Stock	Offsetting Payment of Shares with Properties Other Than Cash	Others
Sep. 2000	10	250,000	2,500,000	120,000	1,200,000	Startup capital 1,200,000	None	—
Dec. 2000	10	250,000	2,500,000	130,000	1,300,000	Cash addition 100,000	None	Note 1
April 2001	10	250,000	2,500,000	190,000	1,900,000	Cash addition 600,000	None	Note 2
Nov. 2002	10	250,000	2,500,000	200,000	2,000,000	Cash addition 100,000	None	Note 3
July 2004	10	288,000	2,880,000	222,000	2,220,000	Capitalization of earnings 220,000	None	Note 4
Aug. 2005	10	370,000	3,700,000	259,800	2,598,000	Capitalization of earnings 378,000	None	Note 5
Sep. 2005	10	370,000	3,700,000	289,800	2,898,000	Cash addition 300,000	None	Note 6
June 2006	10	550,000	3,700,000	339,800	3,398,000	Cash addition 500,000	None	Note 7
Sep. 2006	10	550,000	5,500,000	389,000	3,890,000	Capitalization of earnings 492,000	None	Note 8
Sep. 2007	10	550,000	5,500,000	435,400	4,354,000	Capitalization of earnings 464,000	None	Note 9
Sep. 2008	10	550,000	5,500,000	446,000	4,460,000	Capitalization of earnings 106,000	None	Note 10
Aug. 2018	10	550,000	5,500,000	450,841	4,508,410	Issuance 48,410 thousand shares of restricted stocks to employees.	None	Note 11

Mar. 2019	10	550,000	5,500,000	451,361	4,513,609	Cancellation of 786 thousand shares and Issuance 5,985 thousand shares of restricted stocks to employees.	None	Note 12
May 2019	10	550,000	5,500,000	451,301	4,513,009	Cancellation of 600 thousand shares	None	Note 13
Aug. 2019	10	600,000	6,000,000	451,161	4,511,614	Cancellation of 1,395 thousand shares	None	Note 14
Oct. 2019	10	600,000	6,000,000	451,074	4,510,738	Cancellation of 876 thousand shares	None	Note 15
Feb. 2020	10	600,000	6,000,000	451,039	4,510,390	Cancellation of 348 thousand shares	None	Note 16
April 2020	10	600,000	6,000,000	450,915	4,509,152	Cancellation of 1,238 thousand shares	None	Note 17
July 2020	10	600,000	6,000,000	450,875	4,508,753	Cancellation of 399 thousand shares	None	Note 18
Oct. 2020	10	600,000	6,000,000	450,863	4,508,625	Cancellation of 128 thousand shares	None	Note 19
Feb. 2021	10	600,000	6,000,000	450,847	4,508,474	Cancellation of 151 thousand shares	None	Note 20
April 2021	10	600,000	6,000,000	450,844	4,508,441	Cancellation of 33 thousand shares	None	Note 21
Aug. 2022	10	600,000	6,000,000	452,776	4,527,761	Cancellation of 19,320 thousand shares	None	Note 22
Mar. 2023	10	600,000	6,000,000	454,219	4,542,191	Cancellation of 50 thousand shares and issuance 14,480 thousand shares of restricted stocks to employees	None	Note 23

Note 1: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 09001013780 dated January 15, 2001.

Note 2: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 09001129300 dated April 17, 2001.

Note 3: Letter of (91)-Tai-Cai-Zheng-(Yi)-Zi No. 0910149830 issued by the Securities and Futures Commission, Ministry of Finance on September 11, 2002.

Note 4: Letter of (93)-Tai-Cai-Zheng-(Yi)-Zi No. 0930124569 issued by the Securities and Futures Commission, Ministry of Finance on June 2, 2004.

Note 5: Letter of Jin-Guan-Zheng-Yi-Zi No. 0940126584 issued by the Financial Supervisory Commission, Executive Yuan on July 1, 2005.

Note 6: Letter of Jin-Guan-Zheng-Yi-Zi No. 0940130374 issued by the Financial Supervisory Commission, Executive Yuan on August 2, 2005.

Note 7: Letter of Jin-Guan-Zheng-Yi-Zi No. 0950108623 issued by the Financial Supervisory Commission, Executive Yuan on March 24, 2006.

Note 8: Letter of Jin-Guan-Zheng-Yi-Zi No. 0950128559 issued by the Financial Supervisory Commission, Executive Yuan on July 5, 2006.

Note 9: Letter of Jin-Guan-Zheng-Yi-Zi No. 0960031093 issued by the Financial Supervisory Commission, Executive Yuan on June 21, 2007.

Note 10: Letter of Jin-Guan-Zheng-Yi-Zi No. 0970030373 issued by the Financial Supervisory Commission, Executive Yuan on June 18, 2008.

Note 11: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No.10701117040 dated September 10, 2018.

Note 12: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10801033770 dated March 29, 2019.

Note 13: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10801054730 dated May 20, 2019.

Note 14: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10801112260 dated August 14, 2019.

Note 15: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10801157790 dated November 12, 2019.

Note 16: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10901028100 dated February 27, 2020.

Note 17: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10901076340 dated May 21, 2020.

Note 18: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10901152510 dated August 19, 2020.

Note 19: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 10901210150 dated November 11, 2020.

Note 20: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11001026260 dated February 9, 2021.

Note 21: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11001080350 dated May 24, 2021.

Note 22: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11101167630 dated September 2, 2022.

Note 23: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11230052230 dated March 30, 2023.

(B)Shareholder Structure

As of April 2, 2023; Unit: Shares

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Corporations	Individuals	Foreign Institutions & Foreigners	Total
# of Persons	0	16	188	55,318	229	55,751
# of Shares Held	0	39,725,941	205,850,984	158,650,923	49,991,212	454,219,060
Shareholding Percentage	0.00%	8.75%	45.32%	34.93%	11.00%	100%

(C)Diffusion of Ownership

Par at NT$10 per share; As of April 2, 2023

Scale of Shareholding			# of Shareholders	# of Shares Held	Shareholding Percentage
1	to	999	10,575	1,864,787	0.41%
1,000	to	5,000	39,580	71,579,474	15.76%
5,001	to	10,000	3,278	25,794,190	5.68%
10,001	to	15,000	825	10,552,287	2.32%
15,001	to	20,000	516	9,624,132	2.12%
20,001	to	30,000	390	10,233,668	2.25%
30,001	to	40,000	161	5,863,672	1.29%
40,001	to	50,000	100	4,734,388	1.04%
50,001	to	100,000	164	11,961,396	2.63%
100,001	to	200,000	79	11,383,943	2.51%
200,001	to	400,000	35	10,135,372	2.23%
400,001	to	600,000	6	3,049,736	0.67%
600,001	to	800,000	10	7,212,152	1.59%
800,001	to	1,000,000	4	3,707,201	0.82%
1,000,001	to	1,000,000,000	28	266,522,662	58.68%
Total			55,751	454,219,060	100.00%

(D)List of principal shareholders

The names, numbers of owned shares, and shareholding percentages of those who own 5% or more of the total issued shares or whose shareholding percentage is among the top ten.

As of April 2, 2023; Unit: Shares

Name of Major Shareholders \ Shares	# of Shares Held	Shareholding Percentage
Asus Investment Co., Ltd.	60,128,417	13.24%
Asustek Investment Co., Ltd.	58,233,091	12.82%
Asuspower Investment Co., Ltd.	55,556,221	12.23%
Nan Shan Life Insurance Company Ltd.	15,572,000	3.43%
Yuanta/P-shares Taiwan Dividend Plus ETF	12,996,353	2.86%
Fubon Life Insurance Co. Ltd.	9,803,000	2.16%
Cathay Life Insurance Co. Ltd.	8,928,000	1.97%
The 2nd-tier new labor pension plan	6,422,000	1.41%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,886,530	0.86%
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Franklin TempletonInvestment Funds - Templeton Asian Smaller Companies Fund	3,664,100	0.81%

(E)Share prices for the past 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information.

Unit: NT$

Item \ Year			2021	2022
Market Price per Share	Highest		257.5	240.5
	Lowest		73.1	87
	Average		167.34	146.08
Net Worth per Share	Before Distribution		64.48	75.80
	After Distribution		59.98	69.30 (Note)
Earnings per Share	Weighted Average # of Shares		450,645,841	451,026,800
	Earnings per Share	Before Adjustment	8.56	15.47
		After Adjustment	8.56	15.47 (Note)
Dividends per Share	Cash Dividends		4.5	6.5 (Note)
	Stock Dividends	Stock Dividends from Retained Earnings	—	—

	Stock Dividends	Stock Dividends from Capital Reserves	—	—
	Accumulated Unpaid Dividends		—	—
Analysis of Return on Investment	Price/Earnings Ratio		19.55	9.44
	Price/Dividend Ratio		37.19	22.47 (Note)
	Cash Dividend Yield		2.69%	4.45% (Note)

Note: On February 13, 2023, the board of directors had resolution to distribute a cash dividend of $6.5 per share, which will be reported to the shareholders meeting on May 31, 2023.

(F)The Company's dividend policy and implementation

a. The Company's Dividend Policy

The Company, if making profits in current year, shall distribute the earnings in the following order:

1. Payment of all taxes and dues;
2. Offset prior years' operation losses;
3. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve; However, when the statutory surplus reserve has reached the company's paid-in capital, this limitation is not applicable;
4. Set aside or reverse special reserve in accordance with law and regulations;
5. The remaining portion after the above-mentioned, accounted for as distributable earnings from current year, plus the undistributed earnings from prior years, i.e. accumulated distributable earnings, can be distributed to shareholders based on the proposal submitted by the board and approved by shareholders. If any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

To authorize the distributable dividends and bonuses or all or part of statutory surplus reserve and capital reserve in whole may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; a in addition, there to a report of such distribution shall be submitted to the shareholders' meeting.

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, dividend policy aims for a steady balance. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross number of dividends.

b. Dividend Distributions to Be Proposed at the Shareholders' Meeting

The Articles of Incorporation 24-1: To authorize the distributable dividends and bonuses in whole may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; a in addition, there to a report of such distribution shall be submitted to the shareholders' meeting. The following distribution:

Kinsus Interconnect Technology Corp.
Earnings Distribution Schedule
For The Year Ended December 31, 2022

Unit: NT$

Item	Amount
Beginning retained earnings	$11,811,340,249
Add: Other comprehensive income (loss) in 2022	
-Actuarial gain/loss of defined benefit	42,518,971
Less: Adjustment of reorganization	(1,645,086)
Less: Difference between consideration and carrying amount of subsidiaries acquired or disposed	(2,780,956)
Add: Net income after tax in 2022	6,976,792,379
Less: 10% legal reserve	(701,488,531)
Add: Reversal of Special reserve	55,168,961
Distributable earnings	18,179,905,987
Distributions	
Less: Cash dividend to shareholders (NT$6.5 per share)	(2,943,011,890)
Unappropriated retained earnings	$15,236,894,097

c. Explanation of Expected Material Changes in the Dividend Policy: None

(G)Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

Regarding the distribution of earnings of the Company for 2022, the board of directors approved the proposal on February 13, 2023, to distribute shareholder bonuses totaling NT$2,943,012 thousand in the form of cash only. Thus, it is not applicable.

(H)Compensation of employees, directors, and supervisors

a. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the Company's articles of incorporation:

The Company, if making profits in current year, shall provide the ratio of employee compensation to "income before tax and the employee and directors' compensation to be provided" at less than 10% and the ratio of directors' compensation to "income before tax and the employee and directors' compensation to be provided" at be more than 1%, provided that all accumulated deficits, if any, are fully offset.

The employees' compensation can be distributed in cash or stocks. The employees receiving the stock dividends may include employees in affiliated or control companies who met certain conditions stipulated by the Board of Directors.

Employee and directors' compensation is to report in the shareholders' meeting.

b. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None

c. Information on any approval by the board of directors of distribution of compensation:

(a) Regarding the distribution of remuneration to employees and remuneration to directors in 2022 resolved by the Annual Shareholders Meeting on February 13, 2023 to distribute remuneration to employees and remuneration distribution is 1,198,514 thousand and 69,913 thousand respectively, which is no different from the estimated annual amount of recognized expenses.

(b) The proposed amount of employee stock bonuses to be distributed, and the size of such an amount as a percentage of the sum of the after-tax net income stated in the separate or individual financial reports for the current period and total employee bonuses: N/A

d. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

The Company's actual distribution of employee, director, and supervisor compensation in 2021 is as below:

	Earnings Distribution for 2021			
Item	Adopted at Shareholders' Meeting on February 15, 2022	Actual Distribution	Discrepancy	Cause and Explanation of Discrepancy
Director Remuneration	NT$34,370 thousand	NT$34,370 thousand	-	-
Employee Compensation	NT$582,161 thousand	NT$582,161 thousand	-	-

(I)Share repurchases: None

(2) Issuance of corporate bonds: None

(3) Issuance of preferred shares: None

(4) Issuance of global depository receipts: None

(5) Issuance of employee share subscription warrants: None

(6) Issuance of new restricted employee shares:

(a) Any new shares with restricted employee rights that have not fully met the vested conditions shall disclose the status of the transaction as of the date of publication of the annual report and the impact on shareholders' rights and interests:

As of April 2, 2023

Type of Restricted Stock Awards	First issuance, 2022 Restricted Stock Awards	Second issuance, 2022 Restricted Stock Awards
Date of Effective Registration	June 23, 2022, total 5,400,000 shares	
Issue Date	August 19, 2022	March 20, 2023
Number of Restricted Stock Awards Issued	1,932,000 shares	1,448,000 shares
Number of Restricted Stock Awards Unissued	2,020,000 shares	
Issued Price	NT $85.6 /thousand shares	
Ratio of Unreleased Restricted Stock Awards to Total Issued Shares	0.43%	0.32%
Vesting conditions of Restricted Stock Awards	I. The vested interest is listed below for the qualified employees who above employee at level 8 of the RSA plan in the condition of remaining on job from the grant date to the respective vested dates and no breach on laws and regulations, service agreements, commitments of integrity and confidentiality, ethic of conduct, etc. A. 30% upon one month from the grant date (Unconditional round up to thousand shares); B. 20% upon eight months from the grant date (Unconditional round up to thousand shares); C. 20% upon thirteen months from the grant date (Unconditional round down to thousand shares); D. 10% upon twenty months from the grant date (Unconditional round up to thousand shares); E. 10% upon twenty-five months from the grant date (Unconditional round up to thousand shares); F. remaining shares upon thirty-two months from the grant date. II. The vested interest is listed below for the qualified employees who at level 6 through level 7 of the RSA plan in the condition of remaining on job from the grant date to the respective vested dates and no breach on laws and regulations, service agreements, commitments of integrity and confidentiality, ethic of conduct, etc. A. 30% upon one month from the grant date (Unconditional round up to thousand shares); B. 50% upon thirteen months from the grant date (Unconditional round down to thousand shares); C. remaining shares upon twenty-five months from the grant date.	

Type of Restricted Stock Awards	First issuance, 2022 Restricted Stock Awards	Second issuance, 2022 Restricted Stock Awards
Restricted Rights of Restricted Stock Awards	(a) The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted stocks before achieving the vesting conditions. (b) After new shares of restricted stock are issued, the granted employee should immediately commit to the custodian institution, and not to ask the trustee to return the restricted stock in any other reasons or ways before achieving the vesting conditions. (c) The restricted stock for employees can participate in receiving dividends during the vesting period. (d) The right to vote and elect in a shareholders' meeting shall be executed by custodian institution in accordance with related regulations.	
Custody Status of Restricted Stock Awards	Deposited in a trust/custody account 1,260,000 shares	(Remark1)
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions	The Company will reclaim and cancel the unvested RSAs in original issuance price.	
Number of Restricted Stock Awards Which Have Been Reclaimed	5,000 shares	0 share
Number of Released Restricted Stock Awards	667,000 shares	0 share
Number of Unreleased Restricted Stock Awards	1,260,000 shares	1,448,000 shares
Ratio of Unreleased Restricted Stock Awards to Total Issued Shares	0.28%	0.32%
Impact on Shareholders' Equity	(a) Calculated expense amount: The expenses, calculated by using the closing unit trade price of NT$202.50 at 2022/02/07, to be recorded in 2022, 2023, 2024 and 2025 would be NT$164,099 thousand, NT$307,053 thousand, NT$113,299 thousand and NT$24,715 thousand, respectively. (b) Diluted EPS and other factors affecting shareholder's equity: The dilution effect on EPS, based on the vesting conditions and currently issued and outstanding shares, would be NT$0.36, NT$0.68, NT$0.25 and NT$0.06 for 2022, 2023, 2024 and 2025, respectively.	

(b) Information on Name of Managers and Top 10 Employees obtaining Employee Restricted Stocks

As of April 2, 2023

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of Employee Restricted Shares</th><th rowspan="2">Number of Employee Restricted Stocks to Outstanding Common Shares</th><th colspan="4">Free from Trust (Note 1)</th><th colspan="4">Under the Trust</th></tr>
<tr><th>Number of Employee Restricted Stocks Free from Custody</th><th>Price of Issuance (thousand shares)</th><th>Total Amount of Issuance</th><th>Number of Employee Restricted Stocks Free From Custody To Outstanding Common Shares</th><th>Number of Employee Restricted Stocks Under Custody</th><th>Price of Issuance</th><th>Total Amount of Issuance</th><th>Number of Employee Restricted Stocks Under Custody To Outstanding Common Shares</th></tr>
<tr><td rowspan="11">Management</td><td>CSO</td><td>Tong, Zi-Xian</td><td rowspan="11">1,148,500</td><td rowspan="11">0.25%</td><td rowspan="11">201,000</td><td rowspan="11">85.6</td><td rowspan="11">17,205,600</td><td rowspan="11">0.04%</td><td rowspan="11">947,500</td><td rowspan="11">85.6</td><td rowspan="11">81,106,000</td><td rowspan="11">0.21%</td></tr>
<tr><td>Vice CSO</td><td>Liao, Sih-Jheng</td></tr>
<tr><td>CEO and GM</td><td>Chen, He-Xu</td></tr>
<tr><td>CTO</td><td>Zhang, Qian-Wei</td></tr>
<tr><td>Senior Vice President</td><td>Huang, Geng-Fang</td></tr>
<tr><td>Senior Vice President</td><td>Huang, Sheng-Chuan</td></tr>
<tr><td>Vice President</td><td>Lin, Zhi-Wei</td></tr>
<tr><td>Vice President</td><td>Wu, Wei-Wen</td></tr>
<tr><td>Vice President</td><td>Zhuang, Da-Zhong</td></tr>
<tr><td>Vice President</td><td>Lee, An-Tang</td></tr>
<tr><td>Chief Financial officer</td><td>Liu, Su-Zhen</td></tr>
</table>

<table>
<tr><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of Employee Restricted Shares</th><th rowspan="2">Number of Employee Restricted Stocks to Outstanding Common Shares</th><th colspan="4">Free from Trust (Note 1)</th><th colspan="4">Under the Trust</th></tr>
<tr><th>Number of Employee Restricted Stocks Free from Custody</th><th>Price of Issuance (thousand shares)</th><th>Total Amount of Issuance</th><th>Number of Employee Restricted Stocks Free From Custody To Outstanding Common Shares</th><th>Number of Employee Restricted Stocks Under Custody</th><th>Price of Issuance</th><th>Total Amount of Issuance</th><th>Number of Employee Restricted Stocks Under Custody To Outstanding Common Shares</th></tr>
<tr><td rowspan="14">Employee (Note)</td><td>Senior Associate President</td><td>Lin, Pin-Zhong</td><td rowspan="14">546,000</td><td rowspan="14">0.12%</td><td rowspan="14">84,000</td><td rowspan="14">NT $85.6</td><td rowspan="14">7,190,400</td><td rowspan="14">0.02%</td><td rowspan="14">462,000</td><td rowspan="14">NT $85.6</td><td rowspan="14">39,547,200</td><td rowspan="14">0.10%</td></tr>
<tr><td>Senior Associate President</td><td>Ma, Zhen-Guo</td></tr>
<tr><td>Senior Associate President</td><td>Wu,Chang-Long</td></tr>
<tr><td>Senior Associate President</td><td>He, Qi-Ye</td></tr>
<tr><td>Senior Associate President</td><td>Lin, Ding-Hao</td></tr>
<tr><td>Senior Associate President</td><td>Li, Shi-Fu</td></tr>
<tr><td>Senior Associate President</td><td>Ding, Jin-Xing</td></tr>
<tr><td>Senior Associate President</td><td>Chen, Kun-Di</td></tr>
<tr><td>Senior Associate President</td><td>Cai, Rui-Ming</td></tr>
<tr><td>Senior Project Associate President</td><td>Peng, Dian-Zhong</td></tr>
<tr><td>Associate President</td><td>Fan, Wen-Long</td></tr>
<tr><td>Associate President</td><td>Liao, Shu-Yun</td></tr>
<tr><td>Project Associate President</td><td>Yang, Da-Wen</td></tr>
<tr><td>Project Associate President</td><td>Zhang, Shuo-Xun</td></tr>
</table>

Note: All the top 10 employees obtaining Employee Restricted Stocks, including those granted the same number of options, are disclosed here.

(7) Mergers, acquisitions, and issuance of new shares due to acquisition of shares of other companies

(A)Where the Company completed a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies in the most recent year and during the current period up to the date of printing of the annual report, the following matters shall be disclosed: None

(B)Where, in the most recent year and during the current period up to the date of printing of the annual report, the board of directors adopted a resolution approving a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies, the state of the plan's implementation together with the basic information of the Company (or companies) to be merged, acquired, or purchased through acquisition of shares shall be disclosed. Where a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies is currently in progress, the state of the plan’s implementation and its effect on shareholders' equity shall be disclosed: None

(8) Implementation of the Company’s capital allocation plans

(A)Description of the plans: Each uncompleted public issue or private placement of securities, and issues or placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: N/A

(B)Status of implementation: N/A

5. An Overview of Operations

(1) A description of the business

(A)Scope of Business

a. Primary Business Areas

(a)CC01080 Manufacturing of electronic components.
(b)CC01990 Manufacturing of other electrical and electronic mechanical equipment.
(c)CB01990 Manufacturing of other machinery.
(d)CQ01010 Manufacturing of dies.
(e)F401010 International trade.

b. Sale Percentages of Primary Products

Unit: NT$'000

Primary product \ Percentage	2022	
	Sales	Percentage
Division of substrates	35,302,694	83.18%
Division of Optics	6,320,970	14.89%
Division of PCBs	817,390	1.93%
Total	42,441,054	100.00%

c. Current Products

(a) Manufacturing & sales of PBGA (Plastic Ball Grid Array) substrates.
(b) Manufacturing & sales of MCM (Multi-Chip-Module) BGA substrates.
(c) Manufacturing & sales of CSP (Chip Scale Package) mini-BGA substrates.
(d) Manufacturing & sales of High Dissipation Cavity Down substrates and TEBGA (Thermal Enhanced-BGA) substrates.
(e) Manufacturing & sales of Flip Chip substrates and Flip Chip CSP substrates.
(f) Manufacturing & sales of Flip Chip Film COF (Chip on Flex).
(g) Manufacturing & sales of Core-less substrates.
(h) Manufacturing & sales of All Layer Build Up substrates.
(i) Manufacturing & sales of Embedded Pattern substrates.
(j) Manufacturing & sales of Embedded Passive substrates.
(k) Manufacturing & sales of High-Density Copper Bump substrates.
(l) Manufacturing & sales of High Band Width Package-On-Package substrates.
(m) Manufacturing & sales of Core-less Embedded Passive substrates.

d. New Products to Be Developed

Since the founding of the Company, we have always maintained the principle of "Satisfy customers; pursue excellence". Furthermore, we also positioned our R&D to achieve technology leadership and satisfy market demands. We always strive to increase the profitability of our products by entering the market early, as well as plan future investments of engineering resources by fully grasping the requirements of new generation products. Listed below are new products that we plan to develop in the future:

(a) Introduction of Ultra-low Expansion/Shrinkage, High Tg, High Young's Modulus base materials.
(b) Development of Fine Pitch Copper Pillar and Solder Bump substrate technology.
(c) Development of High Layer Count Core-less substrate manufacturing technology.
(d) Development of Embedded Passive substrate technology.
(e) Cooperative project of 20~14 nanometer chip packaging.
(f) Development of automatic production technology for ultra-thin boards.
(g) Development of integration technology of Embedded Active and Embedded Passive components.
(h) Development of ultra-fine circuit (<8um), and high contact density products (<30um pitch).
(i) Development of ultra-micropore (diameter<=30um) technology.
(j) Development of low-cost fine circuit (<=20um) technology.
(k) Development of Via Filling technology.

(B)Overview of the Industry

a. Overview and Development of the Industry

There was be great ups and downs in 2022. In the first half of the year, the global semiconductor industry continued to be immersed in the dividends of the epidemic. The semiconductor industry was fulled of issues such as supply chain shortages, order grabbing, price increases, and inventory hoarding. However, the overall industry demand has suddenly taken a turn for the worse. High inventory of customers became a serious problem. The decline in global terminal demand has extended the time for inventory depletion. Customers at all levels of semiconductors began to significantly reduce their orders, so the industry quickly entered a downturn period.

All the sources come from the massive money printing and monetary easing in the last three years. Since the beginning of the epidemic, several times of money bailouts and the Ukrainian-Russian war had led to rising prices of raw materials such as oil and natural gas, and eventually led to a rapid rise in inflation. People have no spending ability, and the decline rate of non-necessities such as electronic products is even faster than the grand occasion of the epidemic dividend period.

A detailed analysis of the development trends of various electronic products reveals some differences. Differences in demand trends in different time series also help product sales at that time.

After a rapid growth of 30% in 2020 to 2021, the demand for mobile phones has reached a plateau in 2022, and the growth rate will fall to -2% in that year. (As shown in Figure 1, Prismark Trend Survey Research Report) From 2021 to 2022, automotive electronics still maintained a rapid growth of 32%. With the growth rate of 12% in servers, data centers, infrastructure, etc., it shows that the trend of electronic and electrification of automobiles is still evolving.

On the contrary, the demand for PC computers is obviously affected by inflation and high inventory. There was a 10% decline in 2022, and it will continue to decline by 2023. It is estimated that there will be a 23% decline in the future. With the development trend of electronic products, High Performance Computing (HPC) along with Artificial Intelligence (AI) continues to promote various issues and products such as artificial intelligence, learning, autonomous driving, intelligent software, and intelligent factories. The center of computing has been moved to the cloud, no longer limited to terminal handheld devices such as PCs. The intelligent world of IoT seems to be within the near future.

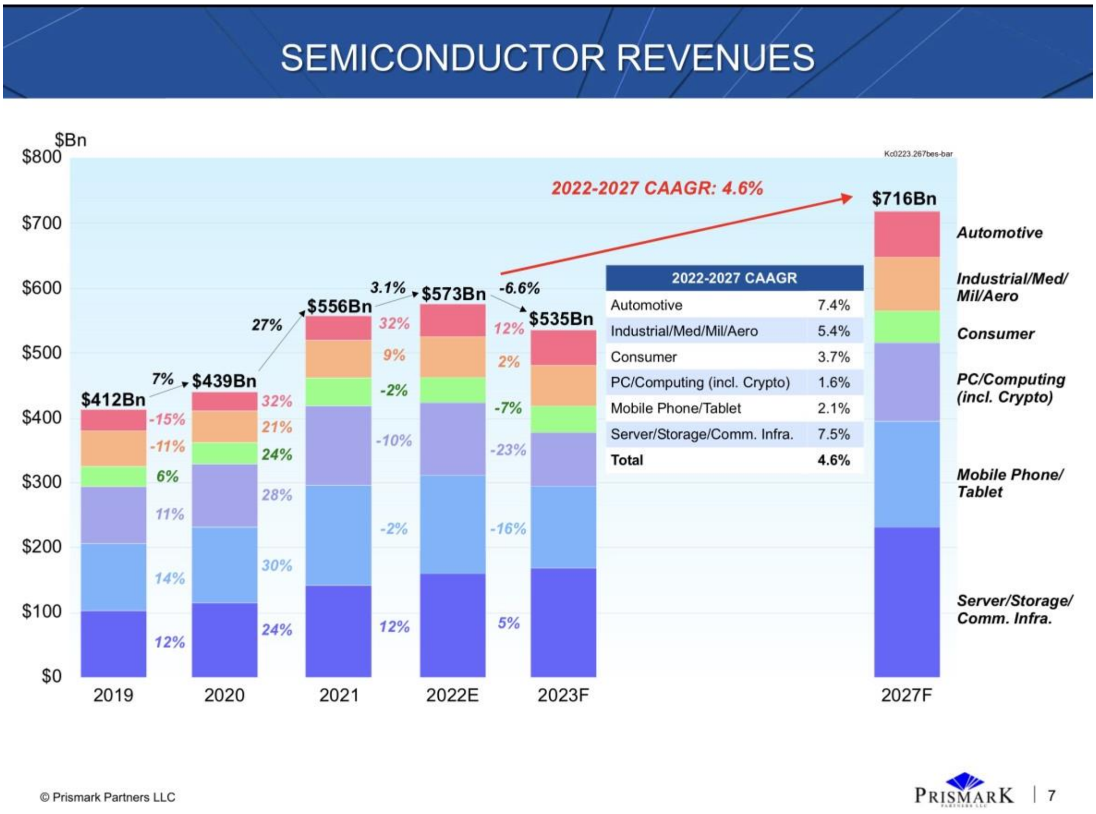


Figure 1: Global Semiconductor Product Portfolio and Development   Source: Prismark 2023

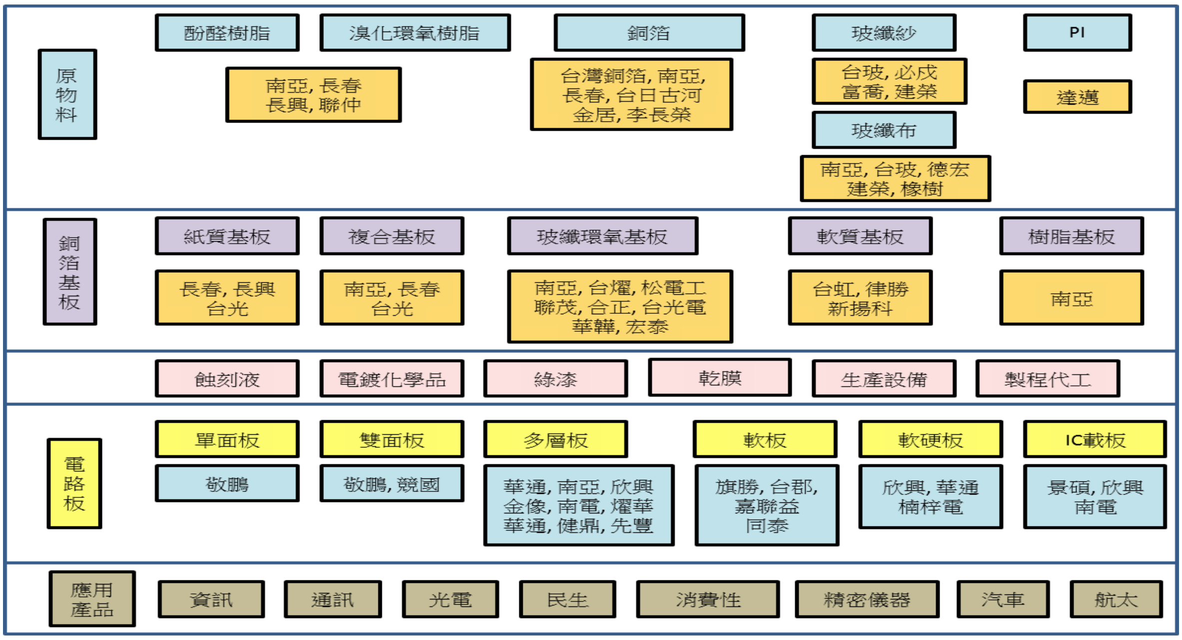
Looking at the context of the development of the semiconductor product industry in 2022, it is closely related to the company's operations. The company's products are another key focus for the development of the global semiconductor industry and the formation and association of upstream and downstream industrial chains.

The company is in a part of the industry. Only by understanding product development and the correlation and interaction of other products can ensure sustainable competitiveness and growth in the next few years.

b. Interrelationships between the Upstream, Midstream and Downstream of the Industry

The relative relationships between the upstream and downstream sectors of the industrial chain of PCB and IC substrate are shown in the figure below. Our company is positioned in the sector of “Circuit board”. Upstream suppliers include Epoxy CCL (Copper Clad Laminate), copper foil, and various specialty chemicals suppliers. Downstream clients include IC packaging industry, and electronic product assembly EMS companies.

The COVID-19 that spread at the end of 2019 began to affect the supply of some raw materials (copper foil, Copper Clad Laminate, etc.) in the first quarter of 2020, and some countries closed the border to prevent the spread of the epidemic, resulting in unstable supply. The company prepares materials in advance to respond to unstable supply and demand.



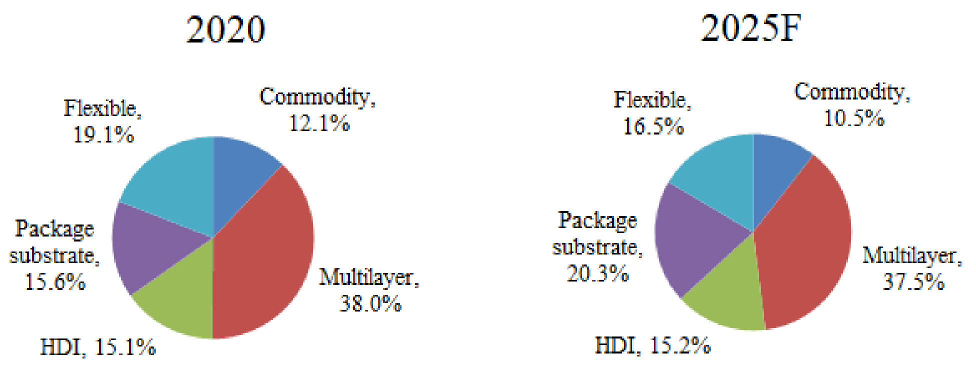
Source: IEK

原物料: Raw materials	酚醛樹脂: Phenolic resin；溴化環氧樹脂: Brominated epoxy resin；銅箔: Copper foil; 玻纖紗: Fiberglass yarn；PI (Polyimide)；玻纖布: Fiberglass cloth 南亞: Nan Ya Plastics Corporation；長春: Chang Chun Group; 長興: Eternal Materials Co., Ltd.；聯仲: UPC Group；台灣銅箔: Taiwan Copper Foil Corporation, Ltd.；台日古河；FCFT (Furukawa Circuit Foil Taiwan) Corporation；金居: Co-Tech Development Corporation；李長榮: LCY Chemical Corporation；台玻: Taiwan Glass Group；必成: PFG Fiber Glass Corporation；富喬: Fulltech Fiber Glass Corporation；建榮: Baotek Inc.；德宏: Glotech Industrial Corp.；橡樹: Asahi-Schwebel Taiwan；達邁: Taimide Technology, Ltd.
銅箔基板: Copper clad laminate	紙質基板: Paper-based substrate；複合基板: Composite substrate；玻纖環氧基板: Fiberglass epoxy substrate；軟質基板: Flexible substrate；樹脂基板: Resin substrate 台光: Elite Material Co., Ltd.；台燿: Taiwan Union Technology Corporation；松電工: Song Dian Gong/Taiwan Song Electrical Multi-layer Materials Co., Ltd.；聯茂: ITEQ Corporation；合正: Uniplus Electronics Co., Ltd.；台光電: Elite Material Co., Ltd.；華韡: Hwa Woei Laminate Corporation；宏泰: Hong Tai Electric Industrial Co., Ltd.；台虹: Taiflex Scientific Co., Ltd.；律勝: Microcosm Technology Co., Ltd.；新揚科: ThinFlex
	蝕刻液: Etching solution；電鍍化學品: Electroplating chemicals；綠漆: Green paint；乾膜: Dry film；生產設備: Production equipment；製程代工: Process OEM
電路板: Circuit boards	單面板: Single sided boards；雙面板: Double sided boards；多層板: Multi-layer boards；軟板: Flexible boards；軟硬板: Rigid-flex boards；IC載板: IC substrates 敬鵬: Chin Poon Industrial Co., Ltd.；競國: APCB Group；華通: Compeq Manufacturing Co., Ltd.；欣興: Unimicron Technology Corporation；金像: Gold Circuit Electronics Co., Ltd.；南電: Nan Ya Printed Circuit Board Corporation；燿華: Unitech Printed Circuit Board Corporation；健鼎: Tripod Technology Corporation；先豐: BoardTek Chemical Engineering Corporation；旗勝: Mektek Industrial Corporation, Ltd.；台郡: Flexium Interconnect, Inc.；嘉聯益: Career Technology Co., Ltd.；同泰: Uniflex Technology Inc.；楠梓電: WUS Printed Circuit Co., Ltd.；景碩: Kinsus Interconnect Technology Corporation
應用產品: Application products	資訊: Information； 通訊: Communication；光電: Photoelectric；民生: Daily necessities；消費性: Consumer products；精密儀器: Precision instruments；汽車: Automobiles；航太: Aerospace

c.Various Product Development Trends

In the PCB industry, the product with the highest compound growth rate is the IC substrate in the next few years (2021~2025). According to Prismark research data, the compound growth rate of the IC substrate is 13.9%. This is not only in the ABF substrate products with the growth of demand for AI, IoT, HPC, machine learning, automotive applications, 5G/6G infrastructure, etc., there are also in the BT substrate products which increase the demand of AiP, SiP, RF components by 5G mobile phones, and the High Bandwidth Memory (HBM) brought by servers, data centers, etc., all above drive the growth of the overall demand for IC substrates. The growth of the company's revenue is determined according to the growth trend of these product blocks, and it is necessary to be cautious about the allocation of production capacity, so as to avoid waste of incomplete utilization of production capacity.

PCB Market Product Mix Change



Unit: US$'000,000

	2020	2020	2021E	2025F	2025F	2020-2025 CAAGR
Commodity	7,911	12.1%	9,230	10,125	10.5%	5.1%
Multilayer	24,763	38.0%	31,053	36,063	37.5%	7.8%
HDI	9,874	15.1%	11,711	14,617	15.2%	8.2%
Package substrate	10,188	15.6%	14,052	19,549	20.3%	13.9%
Flexible	12,483	19.1%	13,881	15,864	16.5%	4.9%
Total	65,219	100.0%	79,927	96,218	100.0%	8.1%

d. Product Competitions

With the development of semiconductor technology so far, Moore's Law has reached a certain limit. The continuous miniaturization of wafer circuits brings higher cost increases, which is not suitable for the pace of electronic productization. There are two follow-up development directions for IC substrates. The impetus for its development is to maintain competitiveness with existing products and make it more suitable for future semiconductor products:

(a) High-level ABF substrate used in advanced packaging is a suitable substrate for multiple small chip packages (chipsets)
(b) Multi-chip package, integrated RF, substrate, baseband, and other band module substrate board (module)

Substrate products not only compete highly with other packaging structure products, but also compete with old substrate products, and their competitive niche is the most suitable package for new chips.

(C)Overview of Technology and R&D

a. arid expenses during recent years and up to the publication date of this annual report

Unit: NTD'000

Item / Year	2022	As of March 31, 2023
R&D expenses	2,511,381	586,308
Net income	42,441,054	6,834,328
Percentage of R&D expenses (%)	5.92%	8.58%

b. Successfully developed technology or products

(a) Manufacturing technology and products of PBGA (Plastic Ball Grid Array) substrates.
(b) Manufacturing technology and products of MCM (Multi-chip-Module) BGA substrates.
(c) Manufacturing technology and products of CSP (Chip Scale Package) substrates.
(d) Manufacturing technology and products of High Dissipation Cavity Down substrates, and TEBGA (TEBGA-Thermal Enhanced BGA) substrates.
(e) Manufacturing technology and products of Flip Chip substrates, and Flip Chip CSP substrates.
(f) Manufacturing technology and products of Flip Chip film COF (Chip on Flex).
(g) Manufacturing technology and products of Core-less substrates.
(h) Peripheral and array wire type Copper Bump Packaging substrates.
(i) Miniature Heatsink Packaging substrates.
(j) Manufacturing technology and products of Embedded Pattern substrates.
(k) Technology and design specifications of Embedded Thin capacitors.
(l) Technology of No-wiring Bump Ni/Au electroplating.
(m) Manufacturing technology of Copper Bump.
(n) Anisotropic Etching technology.
(o) Asymmetric structural board technology and odd-numbered-layer board technology.
(p) High Band Width Package-On-Package substrates technology.
(q) Electroless Nickel/Electroless Palladium/Immersion Gold (EPIG) surface treatment technology.
(r) Embedded Thermal Bar technology.

(D)Long & Short-Term Business Development Plans

a. Short Term Plan

(a)Marketing Strategies

①Maintain close cooperation with key clients; stay up to date with the new products updates and customer needs.

②Multi-directional product development strategy; be attentive to the development of small and mid-sized clients, as well as product changes.

③Develop business opportunities in new application fields; introduce different product design concepts and achieve technology-preparedness early.

④Establish rapid prototyping unit and enhance new product development services.

⑤Increase R&D capacity and shorten design time; provide timely introduction of new products to satisfy customer demands.

⑥Continue to promote the TS16949 quality assurance certification system; ensure product quality; establish worldwide quality reputation by receiving certifications from major international manufacturers.

(b)Production Strategy

In response to the continuously expanding business scale, we will strive to simplify the technologies, improve manufacturing processes, implement automation & unattended operations, and conduct enhancements & maintenance, to increase productivity, reduce defective ratio, and lower costs.

(c)Directions of Product Development

①Increase R&D capabilities; actively invest in product R&D, design, and improvements; shorten product development time and try to lower costs; continue to simplify and accelerate processes, as well as improve quality.

②Reinforce product development and communication with potential customers, to fully grasp the market trends and maintain technical leadership.

(d)Operation Scale and Finance

①Continue to expand facility, invest in technologies, and increase utilization rate to expand the scale of operation.

②Establish sound, complete fundraising channels; establish close cooperative and mutually beneficial relationships with financial institutions; identify long-term low-interest loans, to supply the capitals needed for expanding the operation of the Company.

b. Long Term Plan

(a)Marketing Strategies

①Train marketing professionals on a long-term basis; gather information about other companies in the same industry as well as future development trends; stay informed about the status of current and new competitors; gain insights into market opportunities and establish operational bases widely; adjust individual product strategies immediately following changes in the market; increase market share.

②Maintain partnership relations with advanced chip develop and design companies; always be in possession of first-hand information; achieve process technology and production capacity preparedness, to maintain the Company's long-term competitiveness.

(b)Production Strategies

①Continue to increase production quality, technical strength, product yield, and lower production cost.

②Actively invest in automatic production equipment; bring in professional talents and advanced production technology; and improve process efficiency, to achieve the goal of increase the Company's profitability.

③Increase flexibility in production, to be able to respond to rapid market changes and unexpected urgent demands.

(c)Directions of Product Development

①Bring together related manufacturers in the nation to form R&D alliance, to actively and collaboratively develop and integrate advanced products, to create high added-value and head-start opportunities.

②In fields of high technical difficulties, adopt the strategies of technology transfer and authorization, as well as international cooperation; or commission domestic or foreign research institutes to conduct R&D projects, to lower the risks, shorten development time, exert the combined results of R&D, and increase R&D strength.

(d)Operation Scale and Finance

①Cultivate operational strength; expand quickly the operational scale; move towards the goal of diversified product development.

②As the Company continues to expand its business, in the future, we will establish marketing and production bases around the world, and actively build worldwide operation management and R&D centers.

③Raise long/mid-term funds and build up long-term development strength, to expand the operation scale of the Company.

(2) An analysis of the market as well as the production and marketing situation

(A)Analysis of the Market

a. Sales (available) areas of primary products (services)

Unit: NT$’000

Sales area	2022 Sales Value	Percentage
Taiwan	13,074,886	30.81%
Mainland China	9,154,610	21.57%
United States	8,328,241	19.62%
Japan	3,744,233	8.82%
Europe	15,868	0.04%
Others	8,123,216	19.14%
Total	42,441,054	100.00%

Our company’s primary product is the spherical array (BGA) substrates for IC. It is used as the chip carrier for semi-conductor packaging and acts as the connecting channel to external circuit. It is categorized as a raw material for the packaging industry or a carrier component. Its main sales targets are domestic and foreign IC packaging, design and system businesses.

b. Market Share

Currently, Japan remains to be the leading country of IC substrates production. It is the priority choice of the majority of packaging companies. This is mainly because of the overall strength of Japan's electronics industry, its certification numbers, excellent process capabilities, peripheral materials, and the support capability of its equipment industry. These factors enable Japan's substrates manufacturers to outperform others.

Our nation ranks as the second largest producing country. We have complete industrial chain and world's largest IC OEM manufacturing scale, which successfully drives the demands for substrates and packaging. Through technology authorization, along with their own process control technology, integrated industry environment & peripheral resources, etc., our IC substrates industry made our nation to become the second largest producer; second only to Japan, Currently, the industry has moved the production of substrates products with lower technical levels to mainland China. In the future, the local production scale will grow significantly, as the electronics industrial chain expands.

In recent years, Japan, Korea, and Taiwan’s IC substrates manufacturers have been engaged in fierce competition. Looking at the numbers from recent years, Taiwan’s IC substrate manufacturers grabbed a significant market share of 30%.

c. Future Demand and Supply Condition, and Growth Potential of the Market

IC substrates account for about 45% of the vehicles used in the global packaging market, and most of them are used in packaging applications of medium and high pin chips. According to Prismark's December 2020 report, the IC substrate market will grow at a compound annual growth rate of 6% between 2022 and 2027, and the annual compound growth rate of output value will reach 13.9%, with strong growth, which is the main driving force for the growth of the substrate industry in the fields of ABF substrate, FCCSP substrate, RF substrate, AiP/SiP substrate used in 5G smartphones, and high-bandwidth memory substrate.

In the next three years, the main development trend of electronic products comes from the server and data center and other multi-chip package IC platforms brought by HPC high-efficiency computing, as well as the demand for FCCSP, AiP/SiP substrates required for AR/VR/MR and other immersive wearable devices, these new needs cannot be replaced by other technologies in the next few years, and the substrate still has the advantages of the best cost structure and the most complete industrial chain structure, which is enough to support the growth of the company and the industry in the next few years.

d. Competitive Niche

Our technical team is primarily consisted of research institutes, well-known professionals, related industries, and foreign and domestic experts. Both the quality of our products and the production capacity meet the international standards. Systems manufacturers from various countries are also gradually affirming our production technology and price competitiveness and are starting to use substrates produced by our domestic manufacturers.

The Company is a Full Process Workshop. We are capable of providing our customers with the full manufacturing process service from circuit design, photomask manufacturing, substrates production, to automatic electric testing. Customers can access our computer system through the Internet and query relevant real-time information. This can help to maintain good and stable cooperative relations with our customers.

e. Favorable and Unfavorable Factors for Development Perspectives, and the Responding Measures.

(a) Favorable factors

①IDM factory releases production capacity to system chipset manufacturers, which gives domestic system chipset manufacturers and packaging factories more space to grow as well as more business opportunities. Furthermore, packaging technology is moving towards the direction of high pin count and small pin pitch to achieve the goals of light, thin, short, and small; BGA substrates are certainly the right technology that is in line with such a product trend.

②Since the founding of our company twenty-two years ago, our R&D and manufacturing technology teams have already accumulated rich experiences and acquired excellent skills. Their capabilities in continued innovation and rapid development have also grown to a level that allow them to compete with other nations. The packaging factories are adopting broader and diversified certification systems to allow them to work closely with domestic substrate manufacturers to lower costs and shorten delivery times. Such practice of local procurement has become a trend and can facilitate the continuous development of the industry in the future.

③Professional Full Process Workshop can provide customers with technical services and consultation in areas of circuit design, photomask manufacturing, substrate production, automatic inspection, and others. Customers can receive all the services they need at the same time, thus saving them time, effort, and money.

(b)Unfavorable factors

①Because BGA substrate and packaging technologies change as the chip design companies' products change, therefore, the life cycles of these technologies often are shorter. When the chip design companies change the specifications of their products, the substrate design of BGA and packaging technologies will have to be modified in sync with the market.

Responding measures:

To keep up with the market trends, our company actively strives to increase R&D capacity, as well as strengthen our design and manufacturing abilities in multi-layer boards and thin boards. In the future, the Company will continue to develop various types of Flip Chip substrates, ultra-thin boards, and high-density substrates needed, and at the same time extend patented technologies that we currently own to compete for market opportunities.

②Since BT base material are Mitsubishi's proprietary material, therefore, if Mitsubishi's production capacity tightens, it will affect our product delivery and consequently cause us to lose customers.

Responding measures:

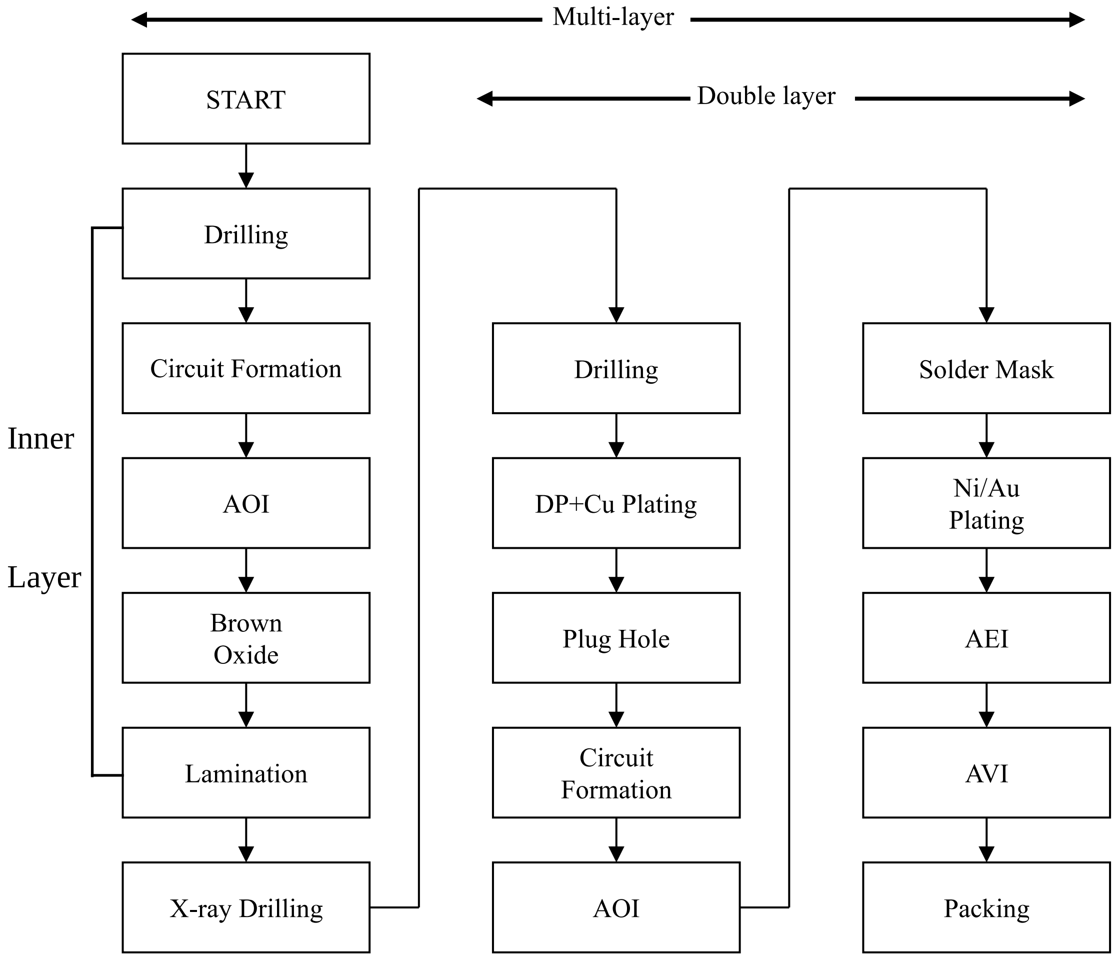
In addition to maintain good relations with current BT base material manufacturer, we will conduct development testing of related substitute materials at the same time, to prevent the risk of material shortage; thus, allowing us to have multiple sources of suppliers and maintain a stable supply of the primary raw material. (For instance, material from Hitachi and others.)

(B) Major Applications and Manufacturing Processes of the Primary Products

a. Major applications of the primary products

Primary Product	Major Application
PBGA Substrates	BGA packaging; application products include chipsets and graphics chips.
MCM (Multi-chip Module) Substrates	MCM packaging; application products include IC that combines analog, digital, power control circuit, as well as memory and logical IC control.
CSP Substrates	CSP packaging; application products include Flash, high-speed DRAM, and logical chips.
Flip chip	Application products include chipsets, graphics chips, Flash memory, and logical IC.
FC CSP	High-end hand-held devices' system chips, communication chips, and chipsets.
Embedded Substrates	Embedded substrates can shorten spacing between components, to improve products' electrical properties.

b. Manufacturing Process of the Primary Products



(C)Supply Condition of the Primary Raw Materials

The Company's primary materials include BT substrates, gold potassium cyanide, films, copper sheets, etc. Among them, BT substrates and films are purchased from major foreign manufacturers. To ensure a stable supply of the materials and their quality, the Company does not easily change suppliers once they have been rated and gone through the trial production. In addition, we actively seek to maintain good long-term relationships with our suppliers. Through the long-term cooperative relationships, lowered costs, fast and flexible delivery schedules, we strive to increase the competitive power of our products and create the maximum profits.

(D)Major Suppliers in the Last Two Calendar Years

a. Major Clients in the Last Two Calendar Years

Unit: NT$'000

	2021				2022			
Item	Client name	Amount	% to annual net sale〔%〕	Relation with issuer	Client name	Amount	% to annual net sale〔%〕	Relation with issuer
1	B	3,837,888	10.76	None	A	4,438,537	10.46	None
2	A	3,227,350	9.05	None	B	4,097,507	9.65	None
3	C	2,661,230	7.46	None	C	2,899,751	6.83	None
	Others	25,946,295	72.73		Others	31,005,259	73.06	
	Net sale	35,672,763	100		Net sale	42,441,054	100	

Reason for increase or decrease: No significant difference.

b. Major Suppliers in the Last Two Calendar Years

Unit: NT$'000

	2021				2022			
Item	Supplier	Amount	% to annual purchase〔%〕	Relation with issuer	Supplier	Amount	% to annual purchase〔%〕	Relation with issuer
1	B	1,535,391	11.37	None	A	1,564,643	12.34	None
2	D	1,376,764	10.19	None	B	1,313,098	10.35	None
3	C	1,162,674	8.61	None	C	1,271,414	10.03	None
	Others	9,431,273	69.83		Others	8,532,849	67.28	
	Net purchase	13,506,102	100		Net purchase	12,682,004	100	

Reason for increase or decrease: Match products needs.

(E)Production in the Last Two Years

Unit: Thousands pcs; NT$'000

Year / Output / Major Products (or by department)	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Substrate	14,664,915	9,862,556	29,435,667	12,012,830	7,825,708	37,934,062

Note: The product mix will affect the quantity, so the amount of capacity is for reference only.

(F)Sales in the Last Two Years

Unit: Thousands pcs；NT$'000

Year / Shipments & Sales / Major Products (or by departments)	2020				2021			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Substrate	2,734,366	11,011,162	6,041,508	16,224,435	2,288,567	12,299,588	4,511,810	22,021,431
Others	-	1,527,728	-	6,909,438	-	845,298	-	7,344,737
Total	-	12,538,890	-	23,133,873	-	13,074,886	-	29,366,168

(3) The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of printing of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)

Year		2021	2022	Data as of in 2023/03/31
Number of Employees	Management	392	376	368
	R&D/Technician	892	1,020	1,014
	operating personnel	4,286	4,674	4,548
	Total	5,570	6,070	5,930
Average Age		35	35	35
Average Years of Service		5.67	5.64	5.98
Education	Ph.D.	0.04%	0.02%	0.02%
	Masters	8.46%	7.55%	7.97%
	Bachelor's Degree	63.60%	64.18%	64.05%
	Senior High School	25.31%	25.82%	25.63%
	Below Senior High School	2.59%	2.43%	2.33%

(4) Disbursements for environmental protection

The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report and disclose the current and future estimated amounts and corresponding measures, if it is impossible to reasonably estimate, it should explain the fact that it cannot be reasonably estimated:

Lately, due to high awareness of environmental protection, requirements of environmental quality are growing continuously. Concurrently with the discharge standard of pollutants are gradually improving, we spent hundreds of millions of dollars investment in pollution prevention equipment to make effort to prevent pollution since September in 2000 for twenty-two years. As of the date of annual report published, due to the violation of relevant environmental regulations, the summary description is as follows:

Unit: NT$'000

Punishment date	Punishment number	Violation of the regulations	Content of the violation	Punishment content	Reveals the estimated amount and corresponding measures that may occur at present and in the future
2022/08/11	Government-Labor-Inspection-1110224364	Air Pollution Control Act Article 23 Item 2	The Taoyuan City's Department Environmental Protection went to the factory to inspect the air pollution control facilities of the construction project and issued penalties for four deficiencies.	NT$100	Require construction companies to implement relevant measures in accordance with Management Regulations for Construction Project Air Pollution Control Facilities.

(5) Labor relations

(A)Companies of various welfare measures, further education, training, retirement systems and their implementation status, as well as the agreement between labor and employee rights protection measures.

(a)Benefits and their implementation

a. Employee Bonus
b. Group Insurance
c. Bonus
d. Year-End Bonus
e. SSA benefits: marriages, births, deaths, serious injuries, disasters, major accidents
f. On-the-Job Training
g. Employee benefits Committee provides:
   i) Travelling
   ii) Club
   iii) Birthday Voucher

(b)Continuing education and training and its implementation status

To enhancing staff quality and job skills, we stipulate “Administrative Measures on Education and Training” in orientation training, and for all employees to implement general training and professional training on schedule to become outstanding professionals and improve the operating performance and effective utilization of human resources.

(c)Situation of Retirement System and Its Implementation

The Company established Retirement Oversight Committee in 2001 under the approval of House of labor of Taoyuan County Government letter of No 126197. Total monthly salaries to be made 2% of the labor pension fund to the Central Trust Bureau Accounts in the same year. Exercising Labor Pension Act on 2005/07/01. After practice, employees can either adopt in “Labor Standards Law” provisions relating to pension or adopt new Act to the pension system and retain the application of the regulations before the length. To those who apply the Act, the employee pension contribution will be made monthly, which shall not be less than 6% of monthly salary.

(d)Agreement between labor and employee rights protection measures

We have always been treasured the spirit of labor integration, coexistence and common prosperity dealing with the labor relations. We take preciously of employee comments and employees’ comments are welcomed at any time through the Company’s formal and informal channels of communication to reflect their problems of life and work. Through the opportunities for two-way communication between the Company and employees, we can have greater mutual understanding and awareness to build consensus and success in the long run.

a. Labor Coordination Meeting

Labor coordination meetings held on a regular basis, pushed by the employers represented, promoted mainly focus on the Company’s system of communication with employees on the Company’s orders, work environment, safety and health issues for two-way communication. The communication through this consultation between employers and business owner enhances not only the mutual trust but also the mutual understanding.

b. Employee benefit Committee

Members of the Employee benefit Committee are elected by employees directly and openly who are good at communication. At the Welfare Committee meeting, both employers and employees can reach adequate communication to the Company’s various welfare measures.

(B)Losses due to labor disputes, and current and future estimated amount of responses may occur as of the date of annual report published:

Unit: NT$'000

Punishment date	Punishment number	Violation of the regulations	Content of the violation	Punishment content	Reveals the estimated amount and corresponding measures that may occur at present and in the future
2022/06/16	Government-Labor-Inspection-1110161714	Employment Service Act Article 33 Item 1	Failure to list and notify the local competent authority and public employment service agency of the dismissed employee's name, gender, age, address, telephone number, job, reason for dismissal, and whether employment counseling is required more than 10 days before the employee's departure.	NT$30	Establish a notification mechanism, and inform colleagues of the notification duration and legal norms during HR internal education and training, to avoid recurrence.
2022/07/27	Government-Labor-Inspection-1110203507 & Government-Labor-Inspection-11102035073	Occupational Safety and Health Act Article 27 Item 1 & Occupational Safety and Health Act Article 6 Item 1	Tech-Top Engineering Co., Ltd. (TTE), the contractor of Kinsus, was fined for poor construction protection (the ceiling opening was not protected), which caused other construction workers to fall down.	NT$140	(a)Increase the control mechanism for inspection personnel in the factory, contractor construction, command and supervision, etc. to enter the ceiling work area of the second floor warehouse. (b)Add fixed cage ladders to the upper and lower ceiling equipment. (c)For the range of ceiling openings, use safety guardrails and warning signs to mark the warning. (d)The load-bearing reinforcement and anti-drop measures at the opening and the warning signs of do not step on.

Punishment date	Punishment number	Violation of the regulations	Content of the violation	Punishment content	Reveals the estimated amount and corresponding measures that may occur at present and in the future
2022/08/01	Government-Labor-Inspection-1110206790	Occupational Safety and Health Act Article 6 Item 1	The competent authority imposes penalties on accidents of hand pinching caused by improper equipment maintenance.	NT$60	(a)Optimize the abnormal handling procedures of equipment maintenance personnel. (b)Optimize the content of education and training (added "safety maintenance and troubleshooting" courses) and re-implement the qualification assessment mechanism for maintenance personnel.
2022/10/17	Government-Labor-Inspection-11102042412	Occupational Safety and Health Act Article 27 Item 1	Hexing, the contractor of Kinsus, was fined for a fall accident caused by an elevated operation.	NT$120	(a)Employers of contractors should be sure to conduct toolbox meetings with workers prior to entering the field. (b)When performing elevated operations, the contractor's employer should provide personal protective equipment for workers to wear.

(6) Information security management:

(A) Describe the security risk management framework, security policies, specific management plans and resources invested in security management:

(a) Information security risk management architecture

Kinsus interconnect technology establishes an information security management system in accordance with the concerns of internal and external stakeholders and refer to the international information security management operation, personal data protection and other standards and laws and regulations. Ensure that the company's information and communication infrastructure and information systems meet the requirements of confidentiality, integrity, availability and legality. And by continuously improving the PDCA (Plan-Do-Check-Act) cycle process management model, integrating and strengthening the information security management system. The implementation of information security management in 2022 has been reported to the board of directors by the convener of the management committee on December 27, 2022.

(b) Information Security Management Overall Policy

The CEO appoints the information security management representative to establish the information security management committee within the company, responsible for drafting the company's information security management policy. And set up a dedicated information security management unit, supervisors, and personnel to be responsible for promoting and managing information security.

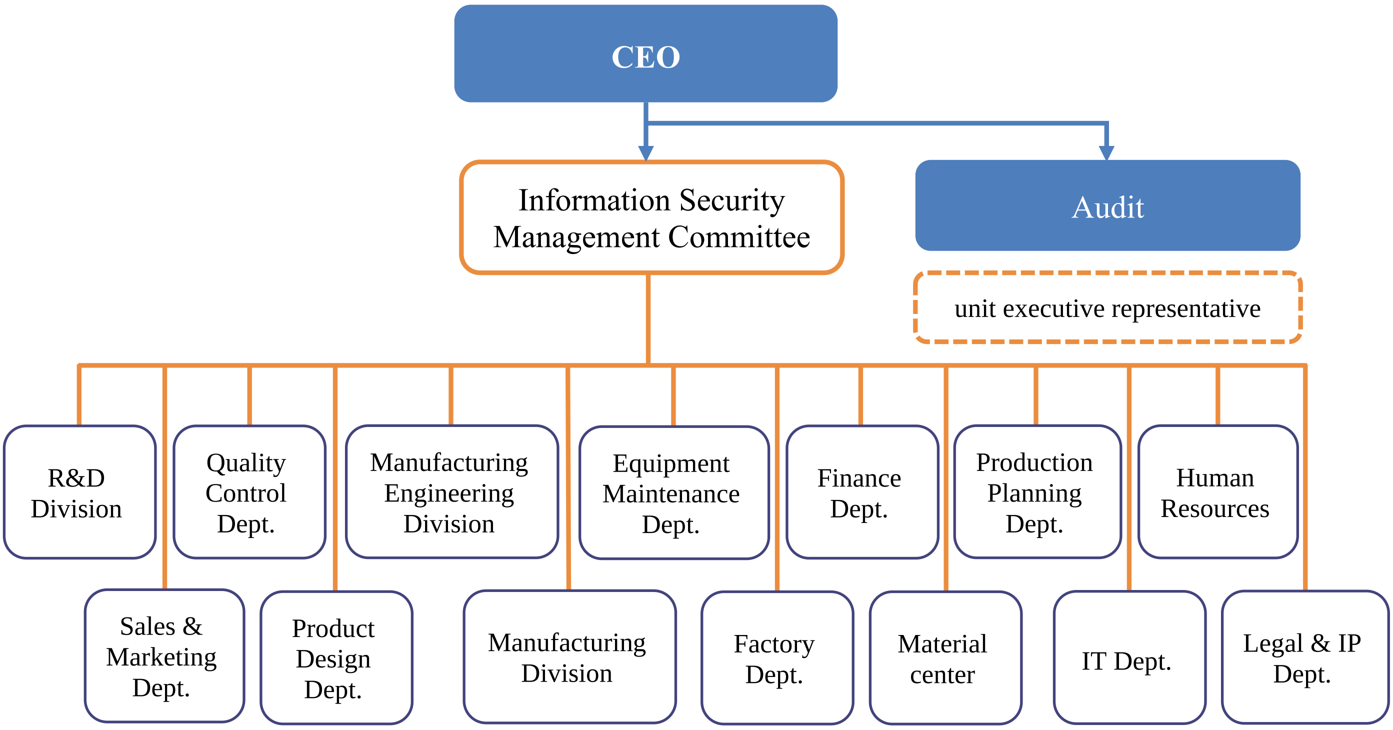


Figure 1: Information Security Management Committee

The company's information security management policy is "To provide a reliable information security management operating environment, to ensure the continuous normal operation of the company's business, and to achieve the company's information security management goals." Released for implementation after review and approval by the CEO.

a. Purpose

i) Implement the information security management policy of the company.
ii) Import information security management system.
iii) Improve the quality of information security management of the company.
iv) Strengthen the company's information security management response capabilities.
v) Reach the measurement indicators of information security management policy.

b. Scope of application

- Shih-Lei Factory (Headquarters)
- Tsing-Hua Factory
- Xin-Feng Factory
- Youth Factory

c. Goal

The company's information security management goal is "To ensure the confidentiality, integrity and availability of the organization's business-related information and communication systems, and to provide continuously available services." In order to ensure that the implementation of the company's information security management system can meet the needs of the company's operations. Each operation process should be based on the company's information security management goals, and should be regularly inspected, evaluated and corrected.

(c) Information security management implementation scenarios

a. Management essentials: system/method education and publicity

Operation scope	1. Optimize information security policies and security operation specifications. 2. Security Policy/Normative Advocacy and Education Training.
Implement measures	1. Introduce the ISO 27001 information security management system, and update the information security management methods, norms, and operating guidelines. 2. Provide the training to new recruits and the e-learning courses. 3. Regularly provide promotional videos on EIP portal web pages, screen savers, and video walls. 4. Conduct social engineering drills to enhance colleagues' awareness of information security.
Execution scenarios	1. The ISO 27001 system came into effect, and relevant management norms and work forms were established. 2. A total of 307 (100%) new engineers were trained in safety education and training, and 144 people were educated online.

	3. Advocate 13 times such as security policies, normative measures, security awareness and anti-phishing web pages. 4. Rehearse the social engineering drill 2 times.

b. Management essentials: Cyber security protection

Operation scope	1. Protect against hacking intrusions. 2. Keep the network running smoothly.
Implement measures	1. Xinfeng Plant Network Architecture IT/OT Independent Network Segment. 2. You-Shi Factory has introduced a zero-trust network architecture. 3. Continue to improve the network protection equipment management strategy and optimize the control operation process.
Execution scenarios	1. Through the intrusion prevention system to block external intrusion threats, the effective blocking defense rate reached 99.99%. 2. An average of 2.5 cases of machine virus infection in several quarters. 3. The number of times the production machine was interrupted due to information security threats was 0. 4. There have been 0 incidents of system intrusion into information security.

c. Management essentials: Mail safety control

Operation scope	1. Protect the company's sensitive data from leakage. 2. Reduce external security risks E-mails enter the mailbox of colleagues.
Implement measures	1. Import advanced mail defense management system. 2. Continuous optimization review mechanism for outbound mail.
Execution scenarios	1. In 2022, there will be 0 risk emails reported into the company. 2. Remove the moderation exemption condition for certain messages.

d. Management essentials: Device safety protection

Operation scope	1. Protect the company's internal information equipment from virus attack or malicious intrusion. 2. Protect the company's confidential and sensitive information from being leaked.
Implement measures	1. Antivirus software has been established to protect endpoint devices (PC/NB, machine computers). 2. The NB/PC device display content is embedded with a watermark function to warn of the traceability of the source of information leaks. 3. The system privileged account management system is imported to strengthen the security of system account management. 4. Continuously improve system information security weakness control projects.

Execution scenarios	1. The installation rate of PC/NB is 100%, and the installation rate of information service mainframe is 100%. 2. There are no cases of virus infection or intrusion on IT/OA equipment, and machine virus incidents continue to improve by 2.5 cases per quarter. 3. Manage information system hosts and network management equipment login permissions, and there are no exception account login events.

e. Management essentials: Disaster preparedness

Operation scope	1. Data backup integrity and compliance. 2. System redundancy start-up capability.
Implement measures	1. Establish a cloud backup system to improve the ability to respond to abnormalities. 2. Execute Disaster Preparedness System drill operations. 3. Optimize the switching efficiency of the backup system and shorten the time for emergency activation.
Execution scenarios	1. Execute 1 off-site data access drill (Shi-Lei vs. Xin-Feng). 2. Execute 1 failure scenario drill of Shi-Lei headquarters' local system, enable cloud backup system, and provide services for key production/operation key systems within expected results.

(B) A list of the losses, possible impacts (e.g. impact on operations or goodwill) and countermeasures suffered by major security incidents in the most recent year and as of the date of publication of the annual newspaper, and if it is not possible to reasonably estimate them, the facts that they cannot reasonably estimate should be stated: None.

(7) Important contracts: None.

6. An Overview of the Company's Financial Status

(1) Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(A) Brief Balance Sheet and Statements of Comprehensive Income

a. Brief Consolidated Balance Sheets

Unit: NT$'000

Item \ Year		2018	2019	2020	2021	2022
Current Assets		19,294,569	19,340,507	21,663,991	26,424,304	28,100,289
Property, Plant & Equipment		19,737,268	19,675,900	18,080,810	24,413,455	31,552,538
Intangible Assets		14,529	30,753	32,105	33,218	48,023
Other Assets		3,577,588	2,656,185	3,007,046	7,515,171	12,932,566
Total Assets		42,623,954	41,703,345	42,783,952	58,386,148	72,633,416
Current liabilities	Before Appropriation	10,199,199	10,841,218	10,730,750	13,982,699	15,373,749
	After Appropriation	10,875,460	11,292,257	11,181,597	16,011,497	18,316,761 (Note 2)
Non-Current Liabilities		2,676,233	2,024,427	2,863,643	11,414,351	18,443,774
Total liabilities	Before Appropriation	12,875,432	12,865,645	13,594,393	25,397,050	33,817,523
	After Appropriation	13,551,693	13,316,684	14,045,240	27,425,848	36,760,535 (Note 2)
Equity Attributable to Shareholders of the Parent		27,782,150	25,567,021	25,669,652	29,069,332	34,321,700
Capital		4,508,410	4,510,738	4,508,625	4,508,441	4,527,761
Capital Surplus		6,140,942	6,637,742	6,632,030	6,633,051	6,860,826
Retained earnings	Before Appropriation	17,336,892	14,630,869	14,712,992	18,130,947	23,117,034
	After Appropriation	16,660,631	14,179,830	14,262,145	16,102,149	20,174,022 (Note 2)
Other Components of Equity		(203,356)	(211,996)	(183,852)	(203,107)	(183,871)
Treasury Stock		(738)	(332)	(143)	-	(50)
Non-controlling Interests		1,966,372	3,270,679	3,519,907	3,919,766	4,494,193
Total Equity	Before Appropriation	29,748,522	28,837,700	29,189,559	32,989,098	38,815,893
	After appropriation	29,072,261	28,386,661	28,738,712	30,960,300	35,872,881 (Note 2)

Note 1: These statements were prepared under IFRS and audited.

Note 2: The Board of Directors had resolution to distribute cash dividends on February 13, 2023, and will be reported at the Shareholders' Meeting on May 31, 2023.

b. Brief Parent-Company-Only Balance Sheet

Unit: NT$'000

Item \ Year		2018	2019	2020	2021	2022
Current Assets		15,265,686	15,054,223	16,173,342	20,080,288	21,082,119
Property, Plant & Equipment		14,898,668	14,264,988	12,776,005	17,589,569	24,888,173
Intangible Assets		4,777	20,987	22,944	9,854	19,762
Other Assets		6,007,534	5,446,034	6,322,854	11,576,307	17,594,583
Total Assets		36,176,665	34,786,232	35,295,145	49,256,018	63,584,637
Current Assets	Before Appropriation	6,370,348	7,304,850	7,507,494	9,956,746	12,236,168
	After Appropriation	7,046,609	7,755,889	7,958,341	11,985,544	15,179,180 (Note 2)
Non-Current Liabilities		2,024,167	1,914,361	2,117,999	10,229,940	17,026,769
Total Liabilities	Before Appropriation	8,394,515	9,219,211	9,625,493	20,186,686	29,262,937
	After Appropriation	9,070,776	9,670,250	10,076,340	22,215,484	32,205,949 (Note 2)
Capital		4,508,410	4,510,738	4,508,625	4,508,441	4,527,761
Capital Surplus		6,140,942	6,637,742	6,632,030	6,633,051	6,860,826
Retained Earning	Before Appropriation	17,336,892	14,630,869	14,712,992	18,130,947	23,117,034
	After Appropriation	16,660,631	14,179,830	14,262,145	16,102,149	20,174,022 (Note 2)
Other Components of Equity		(203,356)	(211,996)	(183,852)	(203,107)	(183,871)
Treasury Stock		(738)	(332)	(143)	-	(50)
Total Equity	Before Appropriation	27,782,150	25,567,021	25,669,652	29,069,332	34,321,700
	After Appropriation	27,105,889	25,115,982	25,218,805	27,040,534	31,378,688 (Note 2)

Note 1: These statements were prepared under IFRS and audited.

Note 2: The Board of Directors had resolution to distribute cash dividends on February 13, 2023, and will be reported at the Shareholders' Meeting on May 31, 2023.

c. Brief Consolidated Statements of Comprehensive Income

Unit: NT$'000

Item \ Year	2018	2019	2020	2021 (After restatement)	2022
Operating Revenues	23,727,929	22,327,410	27,098,474	33,336,442	41,626,486
Gross Profit	5,386,502	2,760,739	5,819,054	10,753,934	15,868,315
Operating Income	791,650	(1,650,225)	1,340,579	5,455,775	9,963,585
Non-Operating Income & Expense	(81,128)	(196,033)	(217,310)	185,350	371,405
Income Before Income Tax	710,522	(1,846,258)	1,123,269	5,641,125	10,334,990
Profit (loss) from continuing operations	411,040	(1,947,268)	929,443	4,969,322	8,176,586
Loss from discontinued operations	-	-	-	(477,214)	(243,116)
Net income (loss)	411,040	(1,947,268)	929,443	4,492,108	7,933,470
Other Comprehensive Income	(37,638)	(108,071)	(22,831)	(24,269)	102,874
Total Comprehensive Income	373,402	(2,055,339)	906,612	4,467,839	8,036,344
Net income (loss) Attributable to Shareholders of the Parent	349,485	(2,025,332)	541,914	3,858,984	6,976,792
Net income (loss) Attributable to Non-Controlling Interests	61,555	78,064	387,529	633,124	956,678
Comprehensive Income Attributable to Shareholders of the Parent	323,467	(2,113,080)	535,468	3,846,649	7,074,480
Comprehensive Income Attributable to Non-Controlling Interests	49,935	57,741	371,144	621,190	961,864
Earnings Per Share (in NT$)	0.78	(4.52)	1.21	8.56	15.47

Note 1: These statements were prepared under IFRS and audited.

d. Brief Parent-Company-Only Statements of Comprehensive Income

Unit: NT$'000

Item \ Year	2018	2019	2020	2021	2022
Operating Revenues	17,228,031	16,116,157	20,651,500	27,235,597	34,251,019
Gross profit	3,615,434	1,106,605	3,058,264	6,831,912	11,123,870
Operating Income	346,545	(1,917,952)	241,446	3,367,072	7,106,474
Non-Operating Income & Expense	75,923	(107,729)	300,468	921,071	1,618,620
Profit (loss) from continuing operations before tax	422,468	(2,025,681)	541,914	4,288,143	8,725,094
Net income	349,485	(2,025,332)	541,914	3,858,984	6,976,792
Other Comprehensive Income	(26,018)	(87,748)	(6,446)	(12,335)	97,688
Total Comprehensive Income	323,467	(2,113,080)	535,468	3,846,649	7,074,480
Earnings per share (in NT$)	0.78	(4.52)	1.21	8.56	15.47

Note: These statements were prepared under IFRS and audited.

(C) Certified Accountants' Names in Past Five Years

Year	Name of Accountant	Firm	Opinion	Reason for Changing
2018	Hong, Mao-Yi Huang, Yi-Hui	Ernst & Young	Unmodified with on explanatory paragraph	Due to rotation rule
2019	Hong, Mao-Yi Cheng, Ching-Piao	Ernst & Young	Unmodified with on explanatory paragraph	Due to rotation rule
2020	Hong, Mao-Yi Cheng, Ching-Piao	Ernst & Young	Unmodified with on explanatory paragraph	None
2021	Hong, Mao-Yi Cheng, Ching-Piao	Ernst & Young	Unmodified with on explanatory paragraph	None
2022	Hong, Mao-Yi Cheng, Ching-Piao	Ernst & Young	Unmodified with on explanatory paragraph	None

(2) Financial analyses for the past 5 fiscal years

(A) Consolidated

Analysis Items (Note 2) \ Year (Note 1)			2018	2019	2020	2021	2022
Capital Structure Analysis (%)	Debt Ratio		30.21	30.85	31.77	43.50	46.56
	Long Term Funds to Fixed Assets		146.05	145.17	158.08	142.85	131.97
Liquidity Analysis (%)	Current Ratio		189.18	178.40	201.89	188.98	182.78
	Quick Ratio		155.57	154.38	172.98	160.38	155.85
	Interest Coverage		6.86	(11.84)	15.64	64.65	55.95
Operation Performance Analysis	Average Collection Turnover (times)		6.25	5.87	6.63	7.04	7.86
	Average Collection Days		58	62	55	52	46
	Inventory Turnover (times)		5.10	5.34	6.24	6.12	5.82
	Average Payable Turnover (times)		3.85	4.27	4.41	4.09	3.64
	Average Inventory Turnover Days		72	68	59	60	63
	Fixed Assets Turnover (times)		1.07	1.03	1.30	1.39	1.14
	Total Assets Turnover (times)		0.56	0.53	0.64	0.71	0.65
Return On Investment Analysis	Return on Assets (%)		1.20	(4.35)	2.35	9.01	12.33
	Return on Equity (%)		1.38	(6.65)	3.20	14.45	22.10
	Income to Capital (%)	Operating Income	17.56	(36.58)	29.73	111.00	211.50
		Pre-Tax Income	15.76	(40.93)	24.91	114.54	222.89
	Net Income to Sales		1.73	(8.72)	3.43	12.59	18.69
	Earnings Per Share (NT$)		0.78	(4.52)	1.21	8.56	15.47
Cash Flow	Cash Flow Ratio (%)		40.22	28.61	49.94	75.63	103.82
	Cash Flow Adequacy Ratio (%)		91.28	80.08	83.41	78.23	80.14
	Cash Flow Re-Investment Ratio		6.28	4.32	8.11	13.30	15.54
Leverage	Operation Leverage		8.15	(2.91)	5.08	2.14	1.63
	Financial Leverage		1.18	0.92	1.06	1.02	1.02

Please explain why financial ratio has changed up to 20% in the most recent two years.
Due to net income in 2022, return on assets, return on equity, operating profit to paid-in capital ratio, net profit before tax to paid-in capital ratio, net profit ratio, earnings per share, cash flow ratio, operating leverage and financial leverage changed by more than 20%.

Note 1: The above ratios are calculated based on the audited FS.

Note 2: Calculation formula will be stated below.

(B) Company-Only

Item (Note 2)			Year (Note1) 2018	2019	2020	2021	2022
Capital Structure Analysis (%)	Debt Ratio		23.20	26.50	27.27	40.98	46.02
	Long Term Funds to Fixed Assets		176.67	177.21	189.55	163.41	141.46
Liquidity Analysis (%)	Current Ratio		239.64	206.09	215.43	201.68	172.29
	Quick Ratio		207.51	184.96	186.62	174.19	144.53
	Interest Coverage		7.56	(25.35)	11.88	69.90	71.72
Operation Performance Analysis	Average Collection Turnover (times)		6.61	5.83	7.02	7.32	8.06
	Average Collection Days		55	63	52	50	45
	Inventory Turnover (times)		5.97	6.72	7.96	7.21	6.75
	Average Payable Turnover (times)		4.45	5.10	5.49	4.73	4.18
	Average Inventory Turnover Days		61	54	46	51	54
	Fixed Assets Turnover (times)		1.01	1.00	1.37	1.41	1.14
	Total Assets Turnover (times)		0.48	0.45	0.59	0.64	0.61
Return on Investment Analysis	Return on Assets (%)		1.11	(5.53)	1.66	9.25	12.54
	Return on Equity (%)		1.25	(7.59)	2.12	14.10	22.01
	Income to Capital (%)	Operating Income	7.69	(42.52)	5.36	74.68	156.95
		Pre-Tax Income	9.37	(44.91)	12.02	95.11	192.70
	Net Income to Sales (%)		2.03	(12.57)	2.62	14.17	20.37
	Earnings Per Share (NT$)		0.78	(4.52)	1.21	8.56	15.47
Cash Flow	Cash Flow Ratio (%)		41.88	23.22	49.84	76.84	104.55
	Cash Flow Adequacy Ratio (%)		91.10	78.56	78.60	70.56	71.09
	Cash Flow Re-Investment Ratio		4.64	2.35	7.11	11.93	14.20
Leverage	Operation Leverage		9.59	(0.85)	14.84	2.01	1.54
	Financial Leverage		1.23	0.96	1.26	1.02	1.02
Please explain why financial ratio has changed up to 20% in the most recent two years. Due to net income in 2022, return on assets, return on equity, operating profit to paid-in capital ratio, net profit before tax to paid-in capital ratio, net profit ratio, earnings per share, cash flow ratio, operating leverage and financial leverage changed by more than 20%.							

Note 1: The above ratios are calculated based on the audited FS.

Note 2: Calculation formula will be stated below.

a. Capital Structure Analysis

(a)Debt Ratio= Total Liabilities/ Total Assets

(b) Long Term Funds to Fixed Assets= (Total Equity + non-current liabilities)/ Net value of fixed capital

b. liquidity

(a) Current Ratio= Current Assets/ Current Liabilities

(b) Quick Ratio= (Current Assets-Inventory-Prepaid Expense)/ Current Liabilities

(c) Interest Coverage=Net Profit before Income Tax and Interest Expense/ Interest Expense

c. Operation Performance Analysis

(a) Account Receivable (including account receivable and note receivable that derived from operation activities) Turnover Rate= Next Sales/ Average Account Receivable (including account receivable and note receivable that derived from operation activities) remaining amount

(b) Average Collection Days= 365/ Account Receivable Turnover Ratio

(c) Inventory Turnover= Cost of Sales/ Average Inventory

(d) Account Payable (including account payable and note payable result from business operation) Turnover rate= Cost of Sales/ Average Account Payable (including account payable and note payable that derived from operation activities) remaining amount

(e) Average Inventory Turnover Days= 365/ Inventory Turnover

(f) Fixed Assets (Land, Equipment Turnover) = Net Sales/ Average Fixed Assets

(g) Total Assets Turnover= Net Sales/ Average Total Assets

d. Return on Investment

(a) Return on Total Assets=〔Profit(Loss) after tax + Interest Expense×（１－Interest Rate）〕/Average Total Assets

(b) Return on Equity= Profit (Loss) after tax/Average Total Equity

(c) Net Income to Sales= Profit (Loss) after tax/ Net Sales

(d) Earning per Share= (attributed to parents profit (loss)-Preferred dividend)/weight average stock share issue

e. Cash Flow

(a) Cash Flow Ratio=Operation Activities Cash Flow/Current Liabilities

(b) Cash Flow Adequacy Ratio (%) =Last five years Operation Activities Cash Flow/last five annual years (Cash Expenditure + Increase in Inventory+ Cash Dividends)

(c) Cash Flow Re-investment Ratio= (Operation Activities Cash Flow-Cash Dividends)/ (Gross Fixed Assets + Long Term Investment + Other Non-Current Assets + Operation Capital)

f. Leverage

(a) Operation Leverage = (Net Operating Income-Variable Cost and Expense)/ Operating Income

(b) Financial Leverage = Operating Income / (Operating Income- Interest Expense)

(3) Audit committee's report on the financial statements for the most recent year.

KINSUS INTERCONNECT TECHNOLOGY CORP.
EXAMINATION REPORT APPROVED BY THE AUDIT COMMITTEE

The Board of Directors has prepared and submitted the Company's Business Operation Report, Parent-Company-Only Financial Statements, Consolidated Financial Statements and Profit Appropriation Proposal for the period from January 1st to December 31th, 2022. The Parent-Company-Only Financial Statements and Consolidated Financial Statements have been audited by Ernst & Young and accompanied with the auditors' reports. These reports mentioned above have been examined by the audit committee and hereby reported in accordance with the requirements of Securities and Exchange Act Article 14- 4 and Company Act Article 219.

Please kindly review and approve it.

KINSUS INTERCONNECT TECHNOLOGY CORP.

Audit Committee Convener: Wu, Hui-Huang

February 13th, 2023
Taipei, Taiwan,
Republic of China

(4) For financial statement for the most recent fiscal year please refers to page 248 to 391.

(5) For a parent-company-only financial statement for the most recent fiscal year, certified by a CPA please refer to page 133 to 247.

(6) If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.

7. A Review and Analysis of the Company's Financial Position and Financial Performance and a Listing of Risks

(1) Financial position

Financial Status Review and Analysis Chart

Unit: NT$'000

Item \ Year	2022	2021	Differences		Note
			Amount	%	
Current Assets	28,100,289	26,424,304	1,675,985	6.34	
Property, Plant and Equipment	31,552,538	24,413,455	7,139,083	29.24	Note 1
Prepayment for Equip.	11,836,510	6,671,013	5,165,497	77.43	Note 1
Other Assets	1,144,079	877,376	266,703	30.40	Note 2
Total Assets	72,633,416	58,386,148	14,247,268	24.40	Note 1
Current Liabilities	15,373,749	13,982,699	1,391,050	9.95	
Non-Current Liabilities	18,443,774	11,414,351	7,029,423	61.58	Note 3
Total Liabilities	33,817,523	25,397,050	8,420,473	33.16	Note 3
Capital	4,527,761	4,508,441	19,320	0.43	
Capital Surplus	6,860,826	6,633,051	227,775	3.43	
Retained Earning	23,117,034	18,130,947	4,986,087	27.50	Note 4
Other Shareholder Equity	4,310,272	3,716,659	593,613	15.97	
Total Shareholder Equity	38,815,893	32,989,098	5,826,795	17.66	

Analysis on ratio changes:

Note 1: Due to increases in capital expenditures.

Note 2: Due to increases in right-of-use asset.

Note 3: Due to increases in deposits received and long-term loan.

Note 4: Due to increases in profit.

(2) Financial performance

Financial Performance Comparison Analysis

Unit: NT$'000

Item \ Year	2022	2021 (After restatement)	plus(minus) Amount	plus (minus) Variation ratio (%)	Note
Operating Revenues	41,626,486	33,336,442	8,290,044	24.87	Note 1
Cost of Goods Sold	25,758,171	22,582,508	3,175,663	14.06	
Gross Profit	15,868,315	10,753,934	5,114,381	47.56	Note 2
Operating Expenses	5,904,730	5,298,159	606,571	11.45	
Operating Income	9,963,585	5,455,775	4,507,810	82.62	Note 3
Other Non-Operate Inc. and exp.	371,405	185,350	186,055	100.38	Note 4
Pre-Tax Income	10,334,990	5,641,125	4,693,865	83.21	Note 5
Income Tax Expense	2,158,404	671,803	1,486,601	221.29	Note 6
Profit from continuing operations	8,176,586	4,969,322	3,207,264	64.54	Note 7
Loss from discontinued operations	(243,116)	(477,214)	234,098	(49.06)	Note 10
Net Income	7,933,470	4,492,108	3,441,362	76.61	Note 8
Other comprehensive income (loss)	102,874	(24,269)	127,143	(523.89)	Note 11
Total comprehensive income	8,036,344	4,467,839	3,568,505	79.87	Note 9

Analysis on ratio changes:

Note 1, 2, 3, 5, 6, 7, 8, 9: Revenues have grown substantially, profits have increased, and operating expenses and income tax expenses have also increased relatively.

Note 4: Due to increase in the benefits of net foreign exchange.

Note 10: Due to decrease in loss from discontinued operations.

Note 11: Due to exchange differences on translation of foreign operating.

Expected sales and its basis, possible impact on the company's future financial business and the corresponding plan:

In the next few years, ABF substrates products with the demand growth of AI, IoT, HPC, machine learning, automotive applications, 5G/6G infrastructure, in the BT substrates more 5G mobile phone brought by AiP, SiP, RF component demand, plus servers, data centers and so on brought broadband memory (HBM), have driven the overall demand for IC substrates growth. The company will strengthen the development of multi-chip packaging technology and expand the production capacity of ABF FC-BGA substrates to maintain the competitiveness of the company's products and technologies.

(3) Cash flow

(A) Analysis and explanation of cash flow changes in recent years:

Unit: NT$'000

Item \ Year	2022	2021	plus(minus) Amount	plus (minus) Variation ratio (%)
Net cash provided by operating activities	15,960,956	10,574,431	5,386,525	50.94
Net cash provided by investing activities	(16,534,731)	(12,895,057)	(3,639,674)	28.23
Net cash provided by financing activities	1,869,946	5,999,519	(4,129,573)	(68.83)

Analysis on cash flow changes:
1. Net cash provided by operating activities: Due to increases in icome before income tax.
2. Net cash provided by investing activities: Due to increases in capital expenditure.
3. Net cash provided by financing activities: Due to decreases in long-term loan.

(B) Improvement plan for insufficient liquidity: None.

(C) Cash Flow Analysis for the Coming Year

Unit: NT$'000

Beginning cash balance ①	Cash flow expecting from whole year operation activities ②	Estimate whole year cash outflow amount ③	Estimate available cash balance (insufficient) amount ①+②-③	Remedies for Insufficient cash	
				Investment Plan	Financial Management Plan
$12,678,037	$7,432,512	$(5,987,289)	$14,123,260	-	-

(4) The effect upon financial operations of any major capital expenditures during the most recent fiscal year:

The company has purchase Youth Factory in 2021, and successively build more factory buildings and purchase equipment for production. This facility will be the production base for high end products in the coming years.

(5) The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:

The Company's main investments are all long-term strategic investments. In year 2022, the parent company annual investment income was NT$1,394,393 thousand, increased from NT$727,156 thousand in 2021. The increase in profits of some reinvested companies is due to the economic scale and the increase in profitability. If deemed necessary, to sustain the long-term investment strategy and to continuously generate the value for the Company to a maximum extent.

(6) The matters that the risks section shall analyze and assess during the most recent fiscal year and as they stood on the date of printing of the annual report

(A) Impacts on Company's Income and Future Counter Measures for Interest rate, Exchange rate Fluctuation and Inflation. Our company's 2022 interest rate and exchange gain or loss in 2022 is list as below:

Unit: NT$'000

Item \ Year	2022
Net Exchange Gain (loss)	257,623
Net Sales	42,441,054
Income before Tax	10,091,874
Net Exchange Gain (loss)	0.61%
Net Exhange Gain (Loss) to Net Pre-Tax Profit Ratio	2.55%
Interest Revenue	83,239
Interest Revenue to Net Sales Income	0.20%
Interest Income to Pre-Tax Net Profit Ratio	0.82%
Interest Expense	183,655
Interest Expense to Net Sales Interest Ratio	0.43%
Interest Expense to Net Pre-Tax Profit Ratio	1.82%
Interest Income (Expense) to Net Pre-Tax Profit Ratio	(1.00%)

Note: The above ratios include the discontinued operations, which are audited by CPA.

a. Impacts on Interest Rate Fluctuation

Our company always has been in a financial health status. We have assigned financial specialty personnel to cooperate with banks closely and obtain preferred mid to long term fund for our automatic equipment. Recently, annual interests gain (loss) only was accounted for (1.00)% of our company's pre-tax profit. Thus, interest fluctuation doesn't impose serious effects on our company.

b. Impacts of Exchange Rate Fluctuation

(a) We use US dollars as main quotation currency for exporting business. Our long term borrowing and major importing items are also denominated in US dollars currency. For these reasons, impact of exchange rate change between the New Taiwan Dollar (NTD) vs. US. Dollars (USD) is minimal to our company. In 2022, annual foreign exchange gain (loss) was only accounted for 0.61% of net sales.

(b) Counter-Measures for Exchange Rate Fluctuation

i. The Company opens foreign currency accounts in banks for collecting the money from sales. To exchange USD into NTD will be depending on the actual capital needs or the fluctuation of exchange rate. Payment for importing raw materials depends on the exchange rate. We can choose to use foreign currency acquired from exporting or to buy foreign currency in advance to reduce the effect of exchange rate fluctuation.

ii. Most of the company's procurement items are negotiated in the same currency as the sales, and the natural risk avoidance method is mainly adopted to reduce the impact resulted from exchange rate fluctuation.

(c) Impacts of Inflation

We keep close look on market price fluctuation and maintain good interaction with suppliers and clients. Thus, in 2022, there is no serious incident caused by inflation.

(B) Reasons for company policy, gain or loss and future counter measures for engaging in high risk, highly leveraged investments, loans to others, endorsement, and financial derivatives.

Latest years our company has not engaged in high risk, highly leveraged investments, loans to others and endorsement. Please refer to this report page 239 and 382. Moreover, our company established rules to regulate financial derivatives transaction and loan with others, endorsement risk management. For these reasons, those activities will not induce serious impacts on our company.

(C) Future R&D plans and Fund Estimated to Invest

Our company benefit from expertise in R&D and production experiences that accumulated for many years which allows us to meet product safety and diversity by launching "Modularized Product Design" production method to promote R&D capabilities, speed up new product development to satisfy variety product specifications that requested by different customers.

In the latest years, we have purchased new machines and equipment to reach the best production practice and to rejuvenate current products. We expect to invest about NT$2,168,462 thousand in R&D related field in 2023.

(D) Changes in domestic and foreign policy and legal impact on the Company's financial operations and counter measures

Lately, our company's financial operations haven't affected by critical policy or legal changes in domestic and oversea because our main target market is in domestic, legal and critical policies are relatively stable also there is no military or political risks in the short term in the domestic. Conclude above reasons, we estimate our company will not suffer from negative effects due to major policy and legal changes in domestic and oversea.

(E) Influence and Counter-Measures for Technology (include information security risk) and Industry Shift Company's Financial Operation

We pay attention on technology shifting in the industry and assigned specialist to evaluate and research certain changes might influence company's financial operation and found its counter-measures. In addition, with the development of science and technology, the company's security risks are increasing. In response to this change, the company conducts information security control, including physical security, system security, and electronic document preservation. In recent years, there is no critical technology shifting that will impose threat on company's financial operation.

(F) Crisis Management and Counter Measures Result from Company's Image Change Impact

Our company's image is always being good; in the recent years there is no significant incidents that would require corporation crisis management.

(G) Expected income from merger and potential risk counter-measures: Not Applicable.

(H) Expected income from production facilities expansion and potential risk counter-measures: please refer to this report section "7" point (4).

(I) Potential risk and counter-measures derived from buying and selling products:

The major raw materials that our company purchased are potassium gold, substrate, transparent film, copper sheet and chemical substances. Once those materials were approved, changing materials is less likely. Thus, we only maintain 2~3 suppliers. Meanwhile, we keep good cooperation with other supplies to spread risk. Besides, for one of our key product- IC substrate, mostly we sell it to leading IC design companies in domestic and oversea. Their applications rages are broad and therefore we are free from centralized sales risk.

(J) Risk counter-measures for directors, supervisors, shareholders own more ten percent of company’s shares, bulk share transfer or redemption: Our company’s directors and shareholders owning more than 10% of company’s share do not engage bulk share transfer.

(K) The impact of the change on the Company's right to operate, risks and counter-measures: None.

(L) Litigation or non-litigation case, should list the Company and its directors, supervisors, general manager, the sustainable person in charge of, shareholders own more than ten percent of company’s shares and the Company has the judgment or the slave system is still in the case of significant litigation non-litigation or administrative contentious event, the results could affect shareholders' equity or securities, should disclose its disputed fact, the subject of money, lawsuits start date, the major parties and deal with the case of the suit before the published this annual report: None.

(M) Other Risk and Counter-Measure: None.

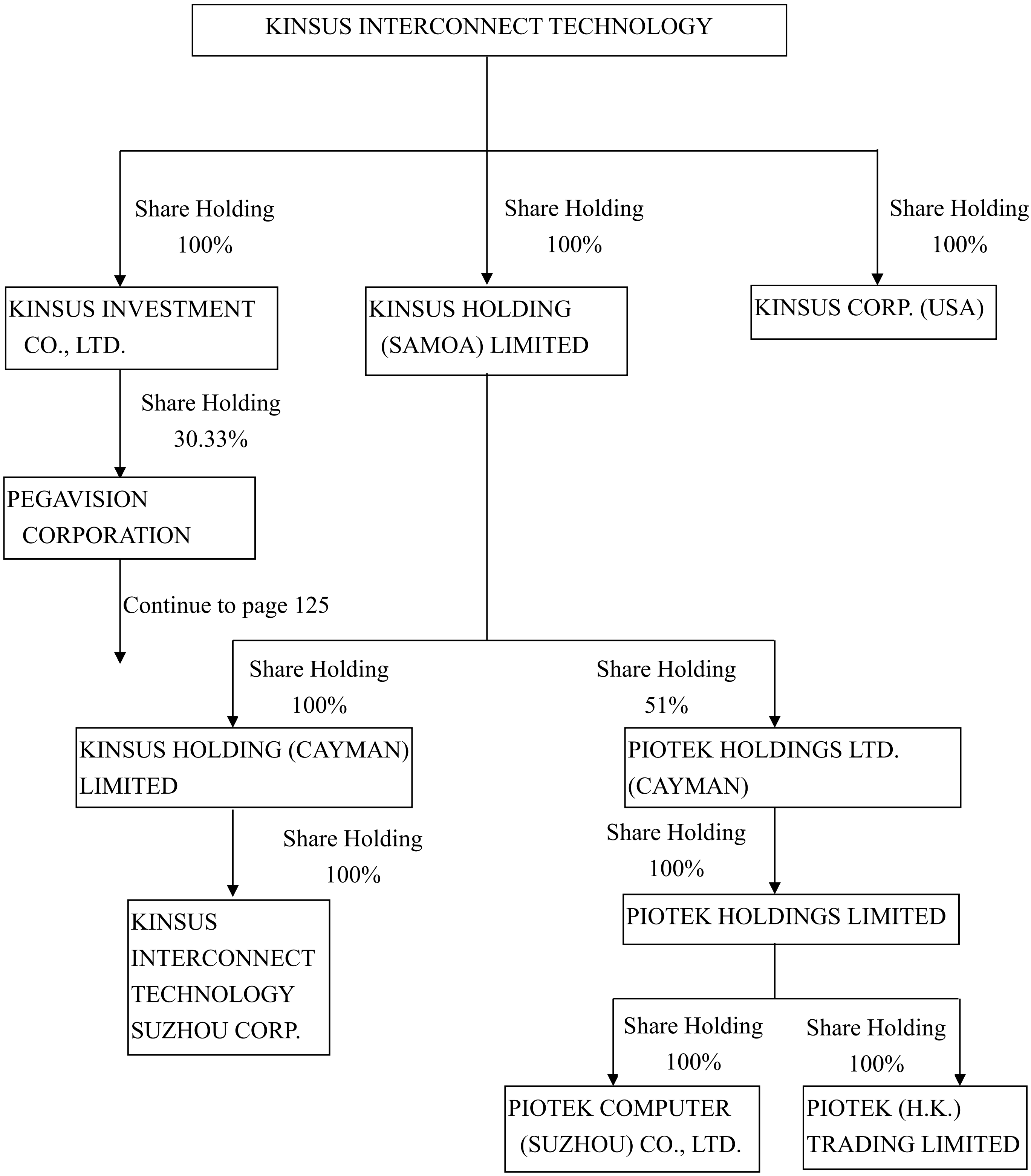
(7) Other important matters: None.

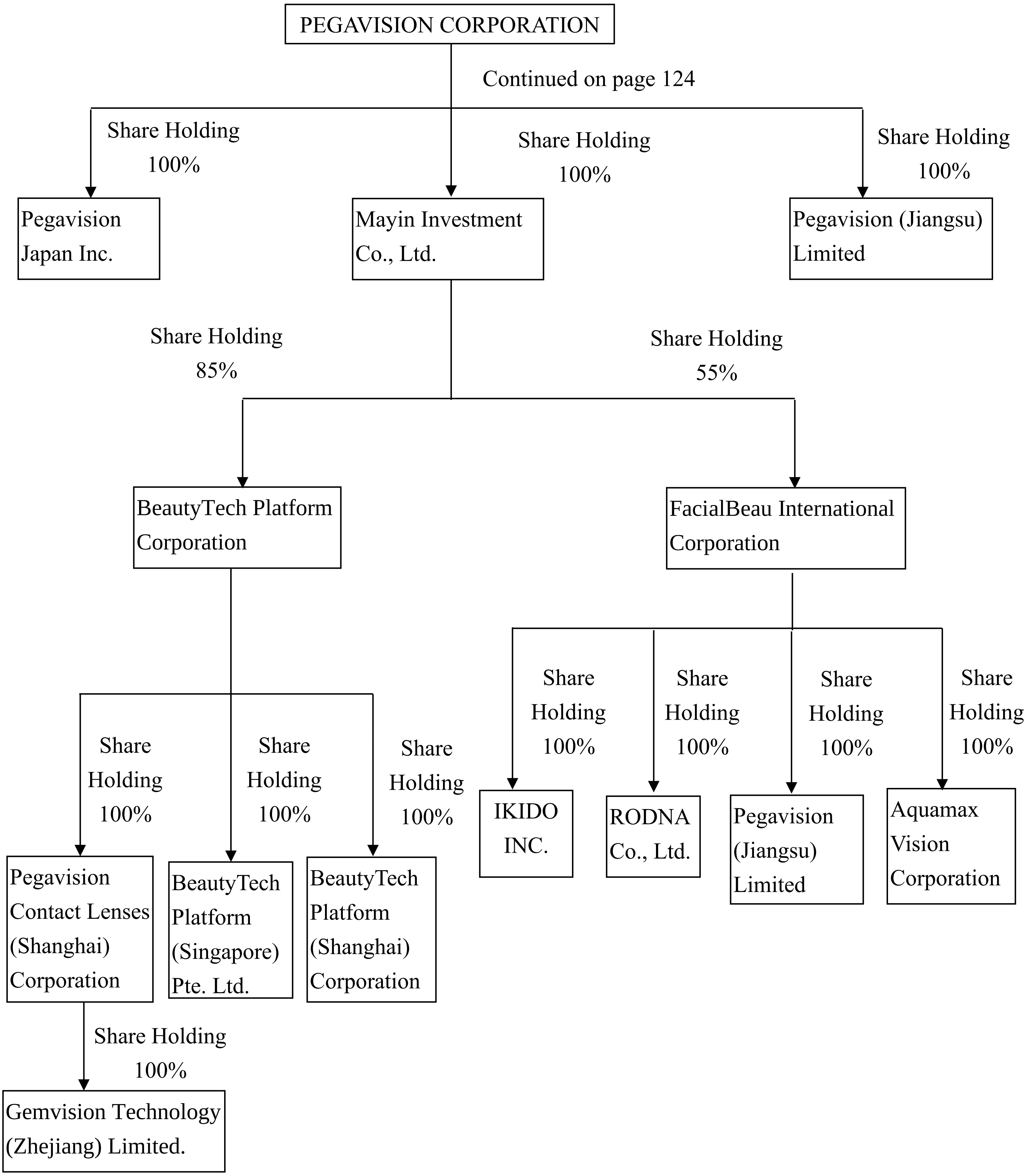
8. Other Items Deserving Special Mention

(1) Information related to the Company's affiliates

(A)Associates Consolidated Business Operation Report:

a. As of December 31, 2022, our company organization chart as shown below:




PEGAVISION CORPORATION
Continued on page 124
Share Holding 100%
Pegavision Japan Inc.
Share Holding 100%
Mayin Investment Co., Ltd.
Share Holding 100%
Pegavision (Jiangsu) Limited
Share Holding 85%
Share Holding 55%
BeautyTech Platform Corporation
FacialBeau International Corporation
Share Holding 100%
Share Holding 100%
Share Holding 100%
Pegavision Contact Lenses (Shanghai) Corporation
BeautyTech Platform (Singapore) Pte. Ltd.
BeautyTech Platform (Shanghai) Corporation
Share Holding 100%
Gemvision Technology (Zhejiang) Limited.
Share Holding 100%
Share Holding 100%
Share Holding 100%
Share Holding 100%
IKIDO INC.
RODNA Co., Ltd.
Pegavision (Jiangsu) Limited
Aquamax Vision Corporation

b. The name, incorporation date, address, paid-in capital, and main business items of each affiliate:

Company Name	Date of establishment	address	Paid-up capital (NT$ thousand)	Main businesses
KINSUS INTERCONNECT TECHNOLOGY CORP.	2000.09.11	Taoyuan City	4,527,761	Electronic Parts and Components Manufacturing, Electronic materials wholesale and retail
KINSUS CORP. (USA)	2000.10.11	CA, U.S.A.	15,359	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology
KINSUS HOLDING (SAMOA) LIMITED	2006.12.04	Samoa	5,047,162	Investing activities
KINSUS INVESTMENT CO., LTD.	2009.08.12	Taoyuan City	1,600,000	Investing activities
PEGAVISION CORPORATION	2009.08.26	Taoyuan City	700,000	Manufacturing medical equipment
KINSUS HOLDING (CAYMAN) LIMITED	2006.12.06	Cayman Islands	2,150,225	Investing activities
PIOTEK HOLDINGS LTD.(CAYMAN)	2009.12.16	Cayman Islands	5,767,364	Investing activities
PIOTEK HOLDINGS LIMITED	1999.08.13	British Virgin Islands	4,295,566	Investing activities
PIOTEK (HK) TRADING LIMITED	2009.12.12	Hong Kong	799	Trading activities
BeautyTech Platform Corporation	2020.06.15	Taoyuan City	100,000	Selling medical equipment and cosmetic products
Mayin Investment Co., Ltd.	2021.08.19	Taoyuan City	210,000	Investing activities
FacialBeau International Corporation	2021.10.22	Taoyuan City	50,000	Selling cosmetic products
PEGAVISION JAPAN INC.	2015.05.15	Japan	2,302	Selling medical equipment
AQUAMAX VISION CORPORATION	2020.07.29	U.S.A.	33,789	Selling medical equipment and cosmetic products
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	2007.04.09	China, Suzhou	2,150,225	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)
PIOTEK COMPUTER (SUZHOU) CO., LTD.	2000.02.17	China, Suzhou	5,120,607	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	2012.11.27	China, Shanghai	112,559	Selling medical equipment
XIANG-SHOU (SUZHOU) TRADING LIMITED (Note 1)	2013.05.02	China, Suzhou	-	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	2019.01.29	China, Zhejiang	97,031	Selling medical equipment
Pegavision (Jiangsu) Limited.	2021.03.15	China, Jiangsu	85,620	Manufacturing and selling medical equipment
BeautyTech Platform (Shanghai) Corporation	2022.01.24	China, Shanghai	14,885	Selling medical equipment and cosmetic products
Pegavision (Jiangsu) Limited (Note 2)	2022.02.25	China, Jiangsu	-	Selling medical equipment and cosmetic products

Company Name	Date of establishment	address	Paid-up capital (NT$ thousand)	Main businesses
IKIDO INC. (Note 2)	2022.03.14	Japan	-	Selling medical equipment and cosmetic products
RODNA Co., Ltd.	2022.06.23	Korea	2,436	Selling medical equipment and cosmetic products
BeautyTech Platform (Singapore) Pte. Ltd.	2022.08.30	Singapore	6,144	Selling medical equipment and cosmetic products

Note 1: Xiang-Shou (Suzhou) Trading Limited has completed the cancellation of registration in July 2022. On August 12, 2022, the Company applies to MOEA to cancel the investment in Xiang-Shou (Suzhou) Trading Limited.

Note 2: The investment amount has not been remitted as on December 31, 2022.

c. For companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act: None.

d. The industries covered by the business operated by the affiliates overall: Please refer to the table on above.

e. The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Measurement date: Dec. 31, 2022

Company Name	Title	Name or Representative person	Shares Held	
			# of Shares	Shareholding Percentage
KINSUS INTERCONNECT TECHNOLOGY CORP.	Director	Liao, Sih-Jheng	43,000	0.01%
	Director (Honorary Chairman)	Tong, Zi-Xian	210,000	0.05%
	Director	Guo, Ming-Dong	521,795	0.12%
	Director	Chen, He-Xu	363,002	0.08%
	Director	Asuspower Investment Co., Ltd. (Representative: Zhang, Qian-Wei)	55,556,221	12.27%
	Director	Asustek Investment Co., Ltd. (Representative: Hu, Gui-Qin)	58,233,091	12.86%
	Independent Director	Wu, Hui-Huang	—	—
	Independent Director	Chen, Jin-Cai	—	—
	Independent Director	Lee, Ming-Yu	—	—
PIOTEK HOLDINGS LTD.(CAYMAN)	Director	Kinsus Holding (SAMOA) Limited (Representative: Liao, Sih-Jheng)	95,755,000	51%
PIOTEK HOLDINGS LTD.	Director	Piotek Holdings Ltd (Cayman) (Representative: Liao, Sih-Jheng)	139,840,790	100%

<table>
<tr><th rowspan="2">Company Name</th><th rowspan="2">Title</th><th rowspan="2">Name or Representative person</th><th colspan="2">Shares Held</th></tr>
<tr><th># of Shares</th><th>Shareholding Percentage</th></tr>
<tr><td>PIOTEK (HK) TRADING LIMITED</td><td>Director</td><td>Liao, Sih-Jheng</td><td>200,000</td><td>100%</td></tr>
<tr><td rowspan="2">PIOTEK COMPUTER (SUZHOU) CO., LTD.</td><td>Legal representative and General manager</td><td>Piotek Holdings Limited
(Representative: Mu, Xian Jue)</td><td rowspan="2">–</td><td rowspan="2">100%</td></tr>
<tr><td>Supervisors</td><td>Piotek Holdings Limited
(Representative: Chen, Ji-Liang)</td></tr>
<tr><td rowspan="3">KINSUS CORPORATION (USA)</td><td>Director</td><td>KINSUS INTERCONNECT TECHNOLOGY CORP.
(Representative: Guo, Ming-Dong)</td><td>500,000</td><td>100%</td></tr>
<tr><td>Director</td><td>Tong, Zi-Xian</td><td>–</td><td>–</td></tr>
<tr><td>Director</td><td>He, Ming-Sen</td><td>–</td><td>–</td></tr>
<tr><td>KINSUS HOLDING (SAMOA) LIMITED</td><td>Director</td><td>KINSUS INTERCONNECT TECHNOLOGY CORP.
(Representative: Liao, Sih-Jheng)</td><td>164,308,720</td><td>100%</td></tr>
<tr><td>KINSUS HOLDING (CAYMAN) LIMITED</td><td>Director</td><td>KINSUS HOLDING (SAMOA) LIMITED
(Representative: Liao, Sih-Jheng)</td><td>72,000,000</td><td>100%</td></tr>
<tr><td rowspan="2">KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.</td><td>Legal representative and General manager</td><td>KINSUS HOLDING(CAYMAN) LIMITED
(Representative: Mu, Xian Jue)</td><td rowspan="2">–</td><td rowspan="2">100%</td></tr>
<tr><td>Supervisor</td><td>KINSUS HOLDING (CAYMAN) LIMITED
(Representative: Liu, Su-Zhen)</td></tr>
<tr><td rowspan="4">KINSUS INVESTMENT CO., LTD.</td><td>Chairman</td><td>KINSUS INTERCONNECT TECHNOLOGY CORP.
(Representative: Tong, Zi-Xian)</td><td rowspan="4">160,000,000</td><td rowspan="4">100%</td></tr>
<tr><td>Director</td><td>KINSUS INTERCONNECT TECHNOLOGY CORP.
(Representative: Guo, Ming-Dong)</td></tr>
<tr><td>Director</td><td>KINSUS INTERCONNECT TECHNOLOGY CORP.
(Representative: Wu, Xiang-Xiang)</td></tr>
<tr><td>Supervisor</td><td>KINSUS INTERCONNECT TECHNOLOGY CORP.
(Representative: Shen, Yi-Zhong)</td></tr>
</table>

<table>
<tr><th rowspan="2">Company Name</th><th rowspan="2">Title</th><th rowspan="2">Name or Representative person</th><th colspan="2">Shares Held</th></tr>
<tr><th># of Shares</th><th>Shareholding Percentage</th></tr>
<tr><td rowspan="10">PEGAVISION CORPORATION</td><td>Chairman and
Chief Strategy Officer</td><td>Guo, Ming-Dong</td><td>1,688,868</td><td>2.41%</td></tr>
<tr><td>Director</td><td>Tong, Zi-Xian</td><td>645,729</td><td>0.92%</td></tr>
<tr><td>Director</td><td>KINSUS INVESTMENT CO., LTD.
(Representative: Chen, He-Xu)</td><td rowspan="2">21,233,736</td><td rowspan="2">30.33%</td></tr>
<tr><td>Director and
General manager</td><td>KINSUS INVESTMENT CO., LTD.
(Representative: Yang, De-Sheng)</td></tr>
<tr><td>Director</td><td>Asuspower Investment Co., Ltd.
(Representative: Wen, Mu-Rong)</td><td rowspan="2">5,480,121</td><td rowspan="2">7.83%</td></tr>
<tr><td>Director</td><td>Asuspower Investment Co., Ltd.
(Representative: Hou, Wen-Yong)</td></tr>
<tr><td>Independent Director</td><td>Li, Shu-Yu</td><td>—</td><td>—</td></tr>
<tr><td>Independent Director</td><td>Yao, Ren-Lu</td><td>—</td><td>—</td></tr>
<tr><td>Independent Director</td><td>Lai, Qi-Wan</td><td>—</td><td>—</td></tr>
<tr style="display:none"><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION</td><td>Director</td><td>BeautyTech Platform Corporation
(Representative: Wang, Jing-Shiang)</td><td rowspan="2">—</td><td rowspan="2">100%</td></tr>
<tr><td>Supervisor</td><td>BeautyTech Platform Corporation
(Representative: Chen, Ji-Liang)</td></tr>
<tr><td>PEGAVISION JAPAN INC.</td><td>President</td><td>PEGAVISION CORPORATION
(Representative: Gao, Song-Ya)</td><td>198</td><td>100%</td></tr>
<tr><td rowspan="2">GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED</td><td>Director</td><td>Pegavision Contact Lenses (Shanghai) Corporation
(Representative: Wang, Jing-Shiang)</td><td rowspan="2">—</td><td rowspan="2">100%</td></tr>
<tr><td>Supervisor</td><td>Pegavision Contact Lenses (Shanghai) Corporation
(Representative: Li, Guo-An)</td></tr>
<tr><td rowspan="2">Pegavision (Jiangsu) Limited.</td><td>Director</td><td>PEGAVISION CORPORATION
(Representative: Siang-Meng)</td><td>—</td><td rowspan="2">100%</td></tr>
<tr><td>Supervisor</td><td>PEGAVISION CORPORATION
(Representative: Li, Guo-An)</td><td>—</td></tr>
<tr><td rowspan="3">BeautyTech Platform Corporation</td><td>Chairman</td><td>Tong, Zi-Xian</td><td>100,000</td><td>1%</td></tr>
<tr><td>Vice Chairman</td><td>Guo, Ming-Dong</td><td>120,000</td><td>1.2%</td></tr>
<tr><td>Supervisor</td><td>Mayin Investment Co., Ltd.
(Representative: Li, Guo-An)</td><td>8,500,000</td><td>85%</td></tr>
<tr><td>Aquamax Vision Corporation</td><td>Director</td><td>FacialBeau International Corporation
(Representative: Liu, Hao-Yu)</td><td>11,000,000</td><td>100%</td></tr>
<tr><td>Mayin Investment Co., Ltd.</td><td>Chairman</td><td>PEGAVISION CORPORATION
(Representative: Guo, Ming-Dong)</td><td>21,000,000</td><td>100%</td></tr>
</table>

Company Name	Title	Name or Representative person	Shares Held	
			# of Shares	Shareholding Percentage
FacialBeau International Corporation	Director	Tong, Zi-Xian	100,000	2%
	Vice Chairman	Guo, Ming-Dong	150,000	3%
	Supervisor	Mayin Investment Co., Ltd. (Representative: Li, Guo-An)	2,750,000	55%
BeautyTech Platform (Shanghai) Corporation	Director	BeautyTech Platform Corporation (Representative: Wang, Jing-Shiang)	-	100%
	General manager	BeautyTech Platform Corporation (Representative: Liu, Hao-Yu)		
	Supervisor	BeautyTech Platform Corporation (Representative: Li, Guo-An)		
Pegavision (Jiangsu) Limited	Director	FacialBeau International Corporation (Representative: Liu, Hao-Yu)	-	100%
	General manager	FacialBeau International Corporation (Representative: Liu, Hao-Yu)		
	Supervisor	FacialBeau International Corporation (Representative: Li, Guo-An)		
IKIDO INC.	President	FacialBeau International Corporation (Representative: Liu, Hao-Yu)	198	100%
RODNA Co., Ltd.	President	FacialBeau International Corporation (Representative: Liu, Hao-Yu)	-	100%
BeautyTech Platform (Singapore) Pte. Ltd.	Director	BeautyTech Platform Corporation (Representative: Liu, Hao-Yu)	200,000	100%
	Director	BeautyTech Platform Corporation (Representative: Chen, Jun-Hong)		
	Director	LEE KA LEE MICHELLE		

f. The overview of the operations of affiliates:

Unit: NT$'000

Company Name	Capital	Total assets	Total liabilities	Net Value	Revenue	Operating income	Net income	Earnings per share
KINSUS INTERCONNECT TECHNOLOGY CORP.	4,527,761	63,584,637	29,262,937	34,321,700	34,251,019	7,106,474	6,976,792	15.47
KINSUS CORP. (USA)	15,359	72,128	418	71,710	35,858	(3,023)	(2,492)	(4.98)
KINSUS HOLDING (SAMOA) LIMITED	5,047,162	3,230,275	0	3,230,275	4,793,494	643,462	883,693	5.38
KINSUS INVESTMENT CO., LTD.	1,600,000	2,841,539	138	2,841,401	0	(5,778)	522,300	3.26
PEGAVISION CORPORATION	700,000	8,881,088	2,453,636	6,427,452	5,603,362	1,648,377	1,542,135	22.03

Company Name	Capital	Total assets	Total liabilities	Net Value	Revenue	Operating income	Net income	Earnings per share
KINSUS HOLDING (CAYMAN) LIMITED	2,150,225	3,300,350	0	3,300,350	3,983,228	1,036,328	1,034,873	14.78
PIOTEK HOLDINGS LTD. (CAYMAN)	5,767,364	(85,395)	0	(85,395)	817,390	(393,283)	(254,587)	(1.36)
PIOTEK HOLDINGS LIMITED	4,295,566	(85,395)	0	(85,395)	817,390	(393,283)	(254,587)	(1.82)
PIOTEK (HK) TRADING LIMITED	799	66,411	0	66,411	47,030	(2,999)	(3,686)	(18.43)
BeautyTech Platform Corporation	100,000	586,582	326,172	260,410	747,828	135,828	114,108	20.40
Mayin Investment Co., Ltd.	210,000	605,440	221,850	383,590	6,000	1,482	102,903	6.98
FacialBeau International Corporation	50,000	70,328	23,827	46,501	59,900	(4,264)	(3,481)	(0.70)
PEGAVISION JAPAN INC.	2,302	513,854	419,698	94,156	2,648,630	53,869	35,608	179,838.38
Aquamax Vision Corporation	33,789	7,424	529	6,895	1,475	(3,506)	(6,344)	(0.58)
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	2,150,225	3,873,360	572,996	3,300,364	3,983,322	1,036,579	1,040,694	(Note 1)
PIOTEK COMPUTER (SUZHOU) CO., LTD.	5,120,607	1,008,240	1,160,042	(151,802)	814,568	(387,246)	(250,899)	(Note 1)
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	112,559	93,122	22	93,100	13,748	(16,021)	(16,831)	(Note 1)
XIANG-SHOU (SUZHOU) TRADING LIMITED (Note 2)	0	0	0	0	0	(226)	1,168	(Note 2)
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	97,031	223,465	141,745	81,720	539,080	(10,658)	(2,403)	(Note 1)
Pegavision (Jiangsu) Limited.	85,620	97,525	18,480	79,045	19,453	(3,892)	(2,618)	(Note 1)
BeautyTech Platform (Shanghai) Corporation	14,885	44,629	15,374	29,255	35,810	19,248	14,507	(Note 1)
Pegavision (Jiangsu) Limited (Note 3)	0	0	0	0	0	0	0	(Note 1)
IKIDO INC. (Note 3)	0	0	0	0	0	0	0	0
RODNA Co., Ltd.	2,436	2,561	216	2,345	0	(88)	(87)	(Note 1)
BeautyTech Platform (Singapore) Pte. Ltd.	6,144	6,272	51	6,221	0	(49)	(46)	(0.23)

Note：If the related party is a foreign company, the relevant figures are converted to NT dollar at the exchange rate at the reporting date.

Note 1：The companies have no shares available for EPS calculation.

Note 2：Xiang-Shou (Suzhou) Trading Limited has completed the cancellation of registration in July 2022. On August 12, 2022, the Company applies to MOEA to cancel the investment in Xiang-Shou (Suzhou) Trading Limited.
Note 3：The investment amount has not been remitted as on December 31, 2022.

(B)Associates Consolidated Financial Report: please refer to page 248 to 391.
(C)Associates Report: Not applicable.

(2) The status of the Company carrying out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

(3) Holding or disposal of shares in the Company by the Company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

(4) Other matters that require additional description: None.

(5) Any of the situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company’s securities, occurring during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report: None.

English Translation of an Audit Report Originally Issued in Chinese

INDEPENDENT AUDITORS' REPORT

To: the Board of Directors and Shareholders of
Kinsus Interconnect Technology Corp.

Opinion

We have audited the accompanying parent-company-only balance sheets of Kinsus Interconnect Technology Corp. (the "Company") as of December 31, 2022 and 2021, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as "the parent-company-only financial statements").

In our opinion, based on the results of our audits and the report of other auditors (please refer to the Other Matter－Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2022 and 2021, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2022.

These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue amounting to NT$34,251,019 thousand for the year ended December 31, 2022 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition from foreign warehouses with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the parent-company-only financial statements.

Market valuation on Inventory

We determine the market valuation on inventory is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's net inventory amounted to NT$2,770,717 thousand as of December 31, 2022. As the application market of substrate, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the parent-company-only financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of FuYang Technology Corp., an indirectly invested associate accounted for under the equity method by the Company. The financial statements of FuYang Technology Corp. as of December 31, 2022 and 2021, and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT$381,123 thousand and NT$325,005 thousand as of December 31, 2022 and 2021 representing 0.60% and 0.66% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT$53,319 thousand and NT$27,839 thousand representing 0.61% and 0.65% of the Company's income before tax, and the related shares of other comprehensive income from the associate under the equity method for the years then ended amounting to NT$2,799 thousand and NT$(1,623) thousand representing 2.87% and 13.16% of the other comprehensive income, are based solely on the audit reports of other auditors.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hong, Mao-Yi

Cheng, Ching-Piao

Ernst & Young
February 13th, 2023
Taipei, Taiwan,
Republic of China

Notice to Readers

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

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$12,137,938	19	$11,947,282	24
1110	Financial assets at fair value through profit or loss	4, 6(2)	540,099	1	537,155	1
1136	Financial assets carried at amortized cost	4, 6(3)	20,057	-	20,057	-
1150	Notes receivable, net	4, 6(4)	11,200	-	4,200	-
1170	Accounts receivable, net	4, 6(5)	4,178,881	7	4,261,313	9
1180	Accounts receivable - related parties, net	4, 6(5), 7	902	-	11,107	-
1200	Other receivables		577,835	1	374,929	1
1210	Other receivables - related parties	7	15,066	-	17,993	-
1310	Inventories, net	4, 6(6)	2,770,717	4	2,277,128	5
1410	Prepayments		626,084	1	459,126	1
1470	Other current assets		203,340	-	169,998	-
11XX	Total current assets		21,082,119	33	20,080,288	41
	Non-current assets					
1550	Investment accounted for under equity method	4, 6(7)	6,135,660	10	5,094,421	10
1600	Property, plant and equipment, net	4, 6(8), 9	24,888,173	39	17,589,569	36
1780	Intangible assets	4, 6(9)	19,762	-	9,854	-
1840	Deferred income tax assets	4, 6(26)	9,593	-	9,593	-
1915	Prepayment for equipment	4, 6(8), 9	11,411,585	18	6,460,598	13
1995	Other non-current assets	6(10), 6(17)	37,745	-	11,695	-
15XX	Total non-current assets		42,502,518	67	29,175,730	59
1XXX	Total Assets		$63,584,637	100	$49,256,018	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2022		2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(11)	$-	-	$391,991	1
2130	Contract liability	4, 6(20)	33,923	-	46,315	-
2150	Notes payable		20,420	-	26,319	-
2170	Accounts payable		1,796,782	3	1,789,954	4
2180	Accounts payable - related parties	7	241,659	-	611,152	1
2200	Other payables	6(12), 7	6,918,469	11	5,052,347	10
2230	Current income tax liabilities	4	1,792,657	3	578,424	1
2300	Other current liabilities	6(13)	1,065,121	2	1,392,115	3
2365	Refund liability	6(14)	367,137	-	68,129	-
21XX	Total current liabilities		12,236,168	19	9,956,746	20
	Non-current liabilities					
2527	Contract liability	4, 6(20)	2,441,184	4	-	-
2540	Long-term loans	6(15)	9,683,274	15	8,414,790	17
2570	Deferred income tax liabilities	4, 6(26)	-	-	355	-
2600	Other non-current liabilities	4, 6(16), 6(17)	4,902,311	8	1,814,795	4
25XX	Total non-current liabilities		17,026,769	27	10,229,940	21
2XXX	Total liabilities		29,262,937	46	20,186,686	41
3100	Capital	6(18)				
3110	Common stock		4,527,761	7	4,508,441	9
3200	Capital surplus	6(18)	6,860,826	11	6,633,051	13
3300	Retained earnings	6(18)				
3310	Legal reserve		4,087,701	6	3,700,821	8
3320	Special reserve		203,108	-	181,016	-
3350	Unappropriated earnings		18,826,225	30	14,249,110	29
3400	Other components of equity		(183,871)	-	(203,107)	-
3500	Treasury Stock	6(18)	(50)	-	-	-
3XXX	Total equity		34,321,700	54	29,069,332	59
	Total liabilities and equity		$63,584,637	100	$49,256,018	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenues	4, 6(20), 7	$34,251,019	100	$27,235,597	100
5000	Operating costs	7	(23,127,149)	(67)	(20,403,685)	(75)
5900	Gross profit		11,123,870	33	6,831,912	25
6000	Operating expenses	7				
6100	Sales and marketing		(376,186)	(1)	(313,834)	(2)
6200	General and administrative		(1,930,473)	(6)	(1,466,126)	(5)
6300	Research and development		(1,698,340)	(5)	(1,687,108)	(6)
6450	Expected credit gains (losses)	4, 6(21)	(12,397)	-	2,228	-
	Total operating expenses		(4,017,396)	(12)	(3,464,840)	(13)
6900	Operating income		7,106,474	21	3,367,072	12
7000	Non-operating income and expenses					
7100	Interest income	6(24)	50,416	-	24,950	-
7010	Other income	6(24), 7	156,584	-	186,772	1
7020	Other gains and losses	6(24), 7	140,608	-	44,434	-
7050	Finance costs	6(24)	(123,381)	-	(62,241)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures		1,394,393	4	727,156	3
	Total non-operating income and expenses		1,618,620	4	921,071	4
7900	Income before income tax		8,725,094	25	4,288,143	16
7950	Income tax expense	4, 6(26)	(1,748,302)	(5)	(429,159)	(2)
8200	Net income		6,976,792	20	3,858,984	14
8300	Other comprehensive income (loss)	6(25)				
8310	Items that not be reclassified subsequently to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans		42,519	-	9,757	-
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		55,169	-	(22,092)	-
	Total other comprehensive income, net of tax		97,688	-	(12,335)	-
8500	Total comprehensive income		$7,074,480	20	$3,846,649	14
9750	Earnings per share - basic (in NT$)	6(27)	$15.47		$8.56	
9850	Earnings per share - diluted (in NT$)	6(27)	$15.07		$8.51	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

				Retained Earnings			Other Components of equity			
		Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit	Treasury Stock	Total Equity
Code	Items	3100	3200	3310	3320	3350	3410	3490	3500	3XXX
A1	Balance as of January 1, 2021	$4,508,625	$6,632,030	$3,647,505	$183,405	$10,882,082	$(181,015)	$(2,837)	$(143)	$25,669,652
	Appropriation and distribution of 2020 earnings									
B1	Legal reserve			53,316		(53,316)				-
B3	Special reserve				(2,389)	2,389				-
B5	Cash dividends - common shares					(450,847)				(450,847)
D1	Net income for 2021					3,858,984				3,858,984
D3	Other comprehensive income (loss) for 2021					9,757	(22,092)			(12,335)
D5	Total comprehensive income (loss)	-	-	-	-	3,868,741	(22,092)	-	-	3,846,649
H3	Reorganization		1			(1)				-
T1	Employee restricted shares for cancellation and others	(184)	1,020			62		2,837	143	3,878
Z1	Balance as of December 31, 2021	4,508,441	6,633,051	3,700,821	181,016	14,249,110	(203,107)	-	-	29,069,332
	Appropriation and distribution of 2021 earnings									
B1	Legal reserve			386,880		(386,880)				-
B3	Special reserve				22,092	(22,092)				-
B5	Cash dividends - common shares					(2,028,798)				(2,028,798)
D1	Net income for 2022					6,976,792				6,976,792
D3	Other comprehensive income (loss) for 2022					42,519	55,169			97,688
D5	Total comprehensive income (loss)	-	-	-	-	7,019,311	55,169	-	-	7,074,480
H3	Reorganization		1,435			(1,645)				(210)
M5	Difference between consideration given / received and carrying amount of interest in subsidiaries acquired / disposed of		(292)			(2,781)				(3,073)
N1	Share-based payment transaction		498							498
T1	Employee restricted shares for cancellation and others	19,320	226,134					(35,933)	(50)	209,471
Z1	Balance as of December 31, 2022	$4,527,761	$6,860,826	$4,087,701	$203,108	$18,826,225	$(147,938)	$(35,933)	$(50)	$34,321,700

(The accompanying notes are an integral part of the parent-company-only financial statements.)

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	$8,725,094	$4,288,143
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20100	Depreciation	3,696,551	3,205,377
A20200	Amortization	49,923	38,003
A20300	Expected credit losses (gain on recovery)	12,397	(2,228)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(2,944)	(1,554)
A20900	Interest expense	123,381	62,241
A21200	Interest income	(50,416)	(24,950)
A21300	Dividend income	360,000	-
A21900	Cost of share based payment	47,882	3,836
A22300	Share of profit or loss of subsidiaries, associates and joint ventures	(1,394,393)	(727,156)
A22500	Loss (gain) on disposal of property, plant and equipment	(27,085)	(19,982)
A23100	Loss (gain) on disposal of investment	6,650	-
A29900	Gain on government grants	(14,172)	(8,239)
A29900	Loss from fire	2,526	-
A30000	Changes in operating assets and liabilities:		
A31110	Financial assets at fair value through P/L	-	479,820
A31130	Notes receivable	(7,000)	(3,018)
A31150	Accounts receivable	70,035	(1,123,840)
A31160	Accounts receivable - related parties	10,205	(11,107)
A31180	Other receivables	(200,159)	(262,541)
A31190	Other receivables - related parties	2,927	(4,070)
A31200	Inventories	(493,589)	(275,853)
A31230	Prepayments	(251,168)	(297,518)
A31240	Other current assets	(33,342)	(80,943)
A32125	Contract liabilities	1,686,230	28,808
A32130	Notes payable	(5,899)	(19,547)
A32150	Accounts payable	6,828	295,572
A32160	Accounts payable - related parties	(369,493)	369,749
A32180	Other payables	1,177,258	973,342
A32230	Other current liabilities	(45,740)	782,885
A32240	Net defined benefit liability	(4,239)	(4,350)
A32990	Refund liability	299,008	(2,475)
A33000	Cash generated from (used in) operations	13,377,256	7,658,405
A33200	Interest received	47,669	25,429
A33300	Interest paid	(98,107)	(47,498)
A33500	Income tax paid	(534,424)	14,517
AAAA	Net cash provided by (used in) operating activities	12,792,394	7,650,853

Code	Items	2022	2021
BBBB	Cash flows from investing activities:		
B00040	Decrease (increase) in financial assets measured at amortized cost	59,980	403,000
B02700	Acquisition of property, plant and equipment	(15,342,080)	(11,321,907)
B02800	Proceeds from disposal of property, plant and equipment	166,421	51,329
B03800	Decrease (increase) in refundable deposits	4,449	21,065
B04500	Acquisition of intangible assets	(59,831)	(24,913)
BBBB	Net cash provided by (used in) investing activities	(15,171,061)	(10,871,426)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	(391,991)	(1,316,374)
C01600	Increase in long-term loans	3,240,000	7,119,820
C01700	Repayment of long-term loans	(1,493,885)	(1,148,482)
C03000	Increase (decrease) in deposits received	3,078,618	1,744,029
C04500	Cash dividends	(2,028,798)	(450,847)
C04600	Proceeds from issuing shares	165,379	-
CCCC	Net cash provided by (used in) financing activities	2,569,323	5,948,146
EEEE	Net Increase (decrease) in cash and cash equivalents	190,656	2,727,573
E00100	Cash and cash equivalents at beginning of period	11,947,282	9,219,709
E00200	Cash and cash equivalents at end of period	$12,137,938	$11,947,282

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (referred to “the Company”) was established on September 11, 2000. Its main business activities include the manufacture of electronic products, the whole-sale and retail-sale of electronic materials, and the consultation services of business operation and management. The Company’s stocks have been governmentally approved on May 20, 2004 to be listed and traded in Taiwan Stock Exchange starting November 1, 2004. The registered business premise and main operation address is at No. 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on February 13, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2022. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(A) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(B) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(C) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual period beginning on or after January 1, 2023. The Company assesses all standards and interpretations have no material impact on the Company.

(3)Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(A) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(B) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(D) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(E) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses all standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2022 and 2021 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following.

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have matures of 3 months from the date of acquisition).

(7) Financial instruments

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

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

(A) Financial assets: Recognition and Measurement

Purchase or sale of financial assets is recognized using trade date accounting.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

(a) The Company’s business model for managing the financial assets and
(b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Company make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivable.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(B) Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) The time value of money; and
(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C) Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) A Company of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows.

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress -
Including cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rending of service is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company’s related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	10 to 25 years
Machinery	4 to 5 years
Transportation	5 years
Office equipment	3 to 5 years
Other equipment	3 to 25 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses it's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The Company's accounting policies for intangible assets are as follows:

	Cost of Computer Software
Useful economic life	1 year
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset's recoverable amount is the higher of an asset's net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or companys of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (company of units), then to the other assets of the unit (company of units) pro rata on the basis of the carrying amount of each asset in the unit (company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(16) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follow:

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is substrate and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Company transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Company has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(19) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent-company-only financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Company and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(21) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Company is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, any unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed and recognized at each reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. De facto control without a majority of the voting rights in subsidiaries

The Company does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(a) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivables – estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c) Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(d) Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(e) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(f) Revenue recognition – sale returns and allowances

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

(g) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Cash and petty cash	$200	$200
Checking and savings	3,599,362	4,081,151
Time deposit	8,538,376	7,865,931
Total	$12,137,938	$11,947,282

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

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Mandatorily measured at fair value through profit or loss:		
Money market fund	$512,952	$512,952
Valuation adjustment of financial assets as measured by fair value through profit or loss	27,147	24,203
Total	$540,099	$537,155
Current	$540,099	$537,155
Non-current	$-	$-

No financial asset at fair value through profit or loss was pledged as collateral.

(3) Financial assets measured at amortized cost

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Time deposits	$20,057	$20,057
Current	$20,057	$20,057
Non-current	$-	$-

The Company transacts with financial institution with good credit rating. Consequently, there is no significant credit risk.

No financial asset measured at amortized cost was pledged as collateral.

(4) Notes receivable

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Notes receivable – from operations	$11,200	$4,200
Less: loss allowance	-	-
Total	$11,200	$4,200

No notes receivable was pledged by the Company as collateral.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6 (21) for more details on accumulated impairment and Note 12 for more details on credit risk management.

(5) Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable, net

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Accounts receivable, gross	$4,203,148	$4,273,183
Less: loss allowance	(24,267)	(11,870)
Net of allowances	4,178,881	4,261,313
Accounts receivable - related parties, gross	902	11,107
Less: loss allowance	-	-
Net of allowances	902	11,107
Total accounts receivable, net	$4,179,783	$4,272,420

B. Account receivables were not pledged.

C. The Company entered into factoring agreements with banks. Accounts receivables from selected customers are transferred to banks without recourse. Details of the agreed credit limits and accounts receivables transferred were as follows:

	Financial Institution	Accounts receivable de-recognized (NT$'000)	Interest Rate	Advance received (NT$'000)	Collateral	Credit Limit
12/31/2022	Mega International Commercial Bank - LanYa Branch	$568,040	-	$-	None	Note
12/31/2021	Mega International Commercial Bank - LanYa Branch	$602,015	0.47%~0.50%	$244,368	None	Note

Note: The credit limits were US$30,000 thousand as of December 31, 2022 and 2021.

D. Accounts receivable are generally on 30-90 day terms. The total carrying amount for the year ended December 31, 2022 and 2021, are NT$4,204,050 thousand and NT$4,284,290 thousand, respectively. Please refer to Note 6 (21) for more details on loss allowance of accounts receivable for the year ended December 31, 2022 and 2021.

Please refer to Note 12 for more details on credit risk management.

(6) Inventory

A. Details of inventory:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Raw material	$400,941	$492,788
Supplies	68,202	68,092
Work in process	1,496,606	1,381,528
Finished goods	737,519	262,473
Merchandises	67,449	72,247
Total	$2,770,717	$2,277,128

B. For the year ended December 31, 2022 and 2021, the Company recognized NT$23,127,149 thousand and NT$20,403,685 thousand under the caption of costs of sale, respectively. For the year ended December 31, 2022 and 2021, the Company recognized NT$3,598,835 thousand and NT$2,769,979 thousand, respectively, which loss for market price decline and obsolete and slow-moving inventories, loss from inventory scrapped and loss from inventory physical taking.

C. The inventories were not pledged.

(7) Investments accounted for under the equity method

	As of December 31,			
	2022		2021	
Investee companies	Amount (NT$'000)	Percentage of Ownership	Amount (NT$'000)	Percentage of Ownership
Investments in subsidiaries:				
KINSUS CORP. (USA)	$71,710	100.00%	$66,944	100.00%
KINSUS HOLDING (SAMOA) LIMITED	3,230,275	100.00%	2,378,249	100.00%
KINSUS INVESTMENT CO., LTD.	2,841,401	100.00%	2,678,046	100.00%
Unrealized gains	(7,726)		(28,818)	
Total	$6,135,660		$5,094,421	

A. Investments in subsidiaries

Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method. Valuation adjustment is made if deemed necessary.

B. The Company's investments accounted for under the equity method were not pledged.

(8) Property, plant and equipment

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Owner occupied property, plant and equipment	$24,888,173	$17,589,569

A. Property, plant and equipment for own-use

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Transportation (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepayment for equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2022	$4,792,899	$7,601,433	$19,670,305	$133,357	$10,335	$5,823,209	$7,110,559	$45,142,097
Addition	-	(2,483)	4,248	-	-	120,800	15,902,321	16,024,886
Disposals	-	-	(140,760)	-	-	(134,535)	-	(275,295)
Loss from Fire	-	(63,680)	-	-	-	(20,955)	-	(84,635)
Effect of EX rate	-	-	-	-	-	-	-	-
Reclassification	-	41,554	6,934,518	49,229	5,040	306,685	(7,337,026)	-
As of 12/31/2022	$4,792,899	$7,576,824	$26,468,311	$182,586	$15,375	$6,095,204	$15,675,854	$60,807,053
As of 1/1/2021	$1,661,828	$6,109,181	$17,648,130	$123,175	$7,535	$5,608,453	$2,003,312	$33,161,614
Addition	(1,563)	(631)	4,844	-	-	143,464	12,477,713	12,623,827
Disposals	-	-	(405,406)	-	-	(237,938)	-	(643,344)
Effect of EX rate	-	-	-	-	-	-	-	-
Reclassification	3,132,634	1,492,883	2,422,737	10,182	2,800	309,230	(7,370,466)	-
As of 12/31/2021	$4,792,899	$7,601,433	$19,670,305	$133,357	$10,335	$5,823,209	$7,110,559	$45,142,097
Depreciation and impairment:								
As of 1/1/2022	$-	$2,184,375	$14,833,866	$109,744	$6,568	$3,957,377	$-	$21,091,930
Depreciation	-	398,793	2,671,200	25,051	1,443	600,064	-	3,696,551
Loss from Fire	-	(4,203)	-	-	-	(5,105)	-	(9,308)
Disposal	-	-	(137,827)	-	-	(134,051)	-	(271,878)
Effect of EX rate	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
As of 12/31/2022	$-	$2,578,965	$17,367,239	$134,795	$8,011	$4,418,285	$-	$24,507,295

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Transportation (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepayment for equipment) (NT$'000)	Total (NT$'000)
As of 1/1/2021	$-	$1,855,150	$13,103,578	$93,202	$5,540	$3,444,034	$-	$18,501,504
Depreciation	-	329,225	2,113,159	16,542	1,028	745,423	-	3,205,377
Impairment loss	-	-	-	-	-	-	-	-
Disposal	-	-	(382,871)	-	-	(232,080)	-	(614,951)
Effect of EX rate	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
As of 12/31/2021	$-	$2,184,375	$14,833,866	$109,744	$6,568	$3,957,377	$-	$21,091,930
Net carrying amount:								
As of 12/31/2022	$4,792,899	$4,997,859	$9,101,072	$47,791	$7,364	$1,676,919	$15,675,854	$36,299,758
As of 12/31/2021	$4,792,899	$5,417,058	$4,836,439	$23,613	$3,767	$1,865,832	$7,110,559	$24,050,167

B. "Significant components" of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 25 years and 10 to 25 years.

C. Details of property, plant & equipment and prepayment for machinery is as follows:

	As of December 31, 2022 (NT$'000)	As of December 31, 2021 (NT$'000)
Property, plant and equipment	$24,888,173	$17,589,569
Prepayment for equipment	11,411,585	6,460,598
Total	$36,299,758	$24,050,167

D. The Company purchased 40 parcels of land with a total area of 36,115.24 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443, 1479, 1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.

(9) Intangible assets

	Computer software (NT$'000)
Cost:	
As of January 1, 2022	$24,913
Additions – acquired separately	59,831
Derecognized upon retirement	(49,321)
Reclassification	-
As of December 31, 2022	$35,423
As of January 1, 2021	$33,936
Additions – acquired separately	24,913
Derecognized upon retirement	(33,936)
Reclassification	-
As of December 31, 2021	$24,913
Amortization and Impairment:	
As of January 1, 2022	$15,059
Amortization	49,923
Derecognized upon retirement	(49,321)
Reclassification	-
As of December 31, 2022	$15,661

	Computer software (NT$'000)
As of January 1, 2021	$10,992
Amortization	38,003
Derecognized upon retirement	(33,936)
Reclassification	-
As of December 31, 2021	$15,059
Carrying amount, net:	
As of December 31, 2022	$19,762
As of December 31, 2021	$9,854

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Operating expense	$49,923	$38,003

(10) Other non-current assets

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Refundable deposits	$7,246	$11,695
Net defined benefit assets	30,499	-
Total	$37,745	$11,695

(11) Short-term loans

		As of December 31,	
	Interest interval (%)	2022 (NT$'000)	2021 (NT$'000)
Unsecured bank loans	0.50%	$-	$391,991

As of December 31, 2022 and 2021, the line of unused short-term loans credit for the Company amounted to NT$16,655,955 thousand and NT$6,366,073 thousand, respectively.

(12) Other payable

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Accrued expense	$3,880,526	$2,699,906
Equipment payable	3,032,893	2,350,087
Accrued interest	5,050	2,354
Total	$6,918,469	$5,052,347

(13) Other current liabilities

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Other current liabilities	$41,071	$86,383
Current portion of long-term loans	1,009,213	552,423
Fund collected for purchase of equipment on behalf of others (Note)	-	742,562
Deferred revenue	14,837	10,747
Total	$1,065,121	$1,392,115

Note: It refers fund collected for purchase equipment on behalf of customer who commissioned the Company to acquire equipment for it.

(14) Refund liability

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Refund liability	$367,137	$68,129

(15) Long-term loans

Details of long-term loans were as follows:

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2022 (NT$'000)	Repayment
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2026.12.15-2029.07.15	$1,408,937	Note 3, 7 and 14
Mega International Commercial Bank - LanYa Branch	Credit loan	2026.12.15-2036.06.28	4,602,552	Note 1, 2, 5, 10, 11 and 13
Chang Hwa Commercial Bank - BeiTou Branch	Credit loan	2027.08.15-2029.06.15	1,730,450	Note 5 and 12
The Bank of Taiwan - BeiTou Branch	Credit loan	2026.11.04-2029.06.15	2,950,548	Note 4, 6, 9 and 15
Total			10,692,487	
Less: current portion			(1,009,213)	
Non-current portion			$9,683,274	

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2021 (NT$'000)	Repayment
The Shanghai Commercial & Savings Bank - ZhongLi Branch	Credit loan	2026.12.15-2028.11.15	$1,298,150	Note 3, 7 and 8
Mega International Commercial Bank - LanYa Branch	Credit loan	2026.12.31-2036.06.28	5,174,755	Note 1, 2, 5, 10 and 11

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2021 (NT$'000)	Repayment
Chang Hwa Commercial Bank - BeiTou Branch	Credit loan	2027.08.15	543,969	Note 5
The Bank of Taiwan - BeiTou Branch	Credit loan	2026.11.04-2026.12.31	1,950,339	Note 4, 6 and 9
Total			8,967,213	
Less: current portion			(552,423)	
Non-current portion			$8,414,790	

Note 1: A term is defined as every month starting from the initial draw-down date. Grace period is 13 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 2: Grace period is 3 years from the initial draw-down date. A term is defined as every month since the forth year. The principal and interest are repayable in installments of equal amount for 48 terms.

Note 3: A term is defined as every month starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 84 terms.

Note 4: The principal and interest are repayable in installments of equal amount for 59 terms.

Note 5: Grace period is 3 years from the initial draw-down date. A term is defined as every month since the forth year. The principal and interest are repayable in installments of equal amount for 48 terms.

Note 6: Grace period is 2 years from the initial draw-down date. A term is defined as every month since the third year. The principal and interest are repayable in installments of equal amount for 60 terms.

Note 7: Loan period is 7 years. Grace period is 2 year. Interest shall be paid monthly with principal repaid every months (84 terms). The rest is repayable in installments of equal amount for 60 terms.

Note 8: Loan period is 7 years. Grace period is 2 year. Interest shall be paid monthly with principal repaid every 3 months (84 terms). The rest is repayable in installments of equal amount for 20 terms.

Note 9: A term is defined as every month starting from the initial draw-down date. Grace period is 11 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 60 terms.

Note 10: A term is defined as every month starting from the initial draw-down date. Grace period is 21 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 11: A term is defined as every month starting from the initial draw-down date. Grace period is 22 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 12: Loan period is 7 years. Grace period is 3 year. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount.

Note 13: Grace period is 3 years from the initial draw-down date. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 14: Loan period is 7 years. Grace period is 1 year. Interest shall be paid monthly with principal repaid every months (84 terms). The rest is repayable in installments of equal amount for 72 terms.

Note 15: Grace period is 2 year. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 60 terms.

(a) As of December 31, 2022 and 2021, the interest rate intervals for long-term loans were 0.95%~1.53% and 0.4%~0.88%, respectively.

(b) The Company received a low-interest government loan from the Ministry of Economic Affairs in the amount of NT$8,900,000 thousand with a term of 5~7 years and annual interest rates of 0.4%~0.9% payable monthly on the 15th day each month. The loan was recorded under other liabilities-deferred government grants income. The Company shall recognize the government grant income when it is reasonably assured that the Company meets all the terms of the government grant agreement.

(16) Other non-current liabilities

(a) Details of other non-current liabilities were as follows:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Net defined benefit liability	$-	$16,259
Deposits received	4,822,647	1,744,029
Deferred revenue	79,664	54,507
Total	$4,902,311	$1,814,795

(b) The details of the deferred government grants income for the year ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022 (NT$'000)	For the year ended December 31, 2021 (NT$'000)
Beginning balance	$65,254	$30,214
Received during the period	43,419	43,279
Released to the statement of comprehensive income	(14,172)	(8,239)
Ending Balance	$94,501	$65,254
Current	$14,837	$10,747
Non-current	$79,664	$54,507

(c) Please refer to Note 6(15) for details on interest rate of deferred government grants income.

(17) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 are NT$144,263 thousand and NT$134,755 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$4,372 to its defined benefit plan during the 12 months beginning after December 31, 2022.

As of December 31, 2022 and 2021, the maturities of Kinsus' defined benefit plan are in 2037 and 2037.

Pension costs recognized in profit or loss are as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Current service costs	$-	$-
Net interest of defined benefit liability (asset)	133	130
Past service cost	-	-
Settlement	-	-
Total	$133	$130

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As of		
	12/31/2022 (NT$'000)	12/31/2021 (NT$'000)	01/01/2021 (NT$'000)
Defined benefit obligation	$120,028	$152,441	$159,753
Plan assets at fair value	(150,527)	(136,182)	(129,387)
Other non-current liabilities – net defined benefit liability	$(30,499)	$16,259	$30,366

Reconciliation of liability (asset) of the defined benefit liability is as follows:

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability (asset) (NT$'000)
1/1/2021	$159,753	$(129,387)	$30,366
Current service cost	-	-	-
Interest cost	687	(557)	130
Past service cost and settlement	-	-	-
Total	687	(557)	130
Re-measurement on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	1,350	-	1,350

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability (asset) (NT$'000)
Actuarial gain/loss due to change in financial assumptions	(10,410)	-	(10,410)
Experience gain/loss	1,061	(1,758)	(697)
Re-measurement on defined benefit assets	-	-	-
Total	(7,999)	(1,758)	(9,757)
Benefits paid	-	-	-
Contributions by employer	-	(4,480)	(4,480)
Effect of exchange rate	-	-	-
12/31/2021	152,441	(136,182)	16,259
Current service cost	-	-	-
Interest cost	1,250	(1,117)	133
Pasts service cost and settlement	-	-	-
Total	1,250	(1,117)	133
Re-measurement on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	8	-	8
Actuarial gain/loss due to change in financial assumptions	(12,176)	-	(12,176)
Experience gain/loss	(20,427)	(9,924)	(30,351)
Re-measurement on defined benefit assets	-	-	-
Total	(32,595)	(9,924)	(42,519)
Benefits paid	(1,068)	1,068	-
Contributions by employer	-	(4,372)	(4,372)
Effect of exchange rate	-	-	-
12/31/2022	$120,028	$(150,527)	$(30,499)

The actuarial assumptions used for the Company's defined benefit plan are shown below.

	As of December 31,	
	2022	2021
Discount rate	1.44%	0.82%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis

	For the year ended December 31,			
	2022 (NT$'000)		2021 (NT$'000)	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	$-	$(8,851)	$-	$(12,327)
Discount rate decreased by 0.5%	9,710	-	13,613	-
Expected salary level increased by 0.5%	9,507	-	13,243	-
Expected salary level decreased by 0.5%	-	(8,764)	-	(12,135)

For the purpose of sensitivity analysis above, the Company calculated the impact on defined benefit obligation due to a reasonable and feasible change of one single assumption (i.e. discount rate or expected salary level) with other assumptions remaining equal. Please note that the sensitivity analysis has its limitation due to the co-relation between different actuarial assumptions and the rarity that only one assumption changes at a time.

The method used in the analysis is consistent for both current and prior years.

(18) Equity

A. Common stock

As of December 31, 2022 and 2021, the Company's authorized capital were NT$6,000,000 thousand, each share at par value of NT$10, divided into 600,000 thousand shares. As of December 31, 2022 and 2021, the Company's paid-in capital were NT$4,527,761 thousand and NT$4,508,441 thousand, respectively, divided into 452,776 thousand and 450,844 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

On January 29, 2021, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$151 thousand. The measurement date was at February 1, 2021.

On April 26, 2021, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$33 thousand. The measurement date was at April 28, 2021.

On February 15, 2022 and May 27, 2022, the Company's board of directors and shareholders' meetings resolved to increase the capital through an issuance of new 5,400,000 shares of restricted stock for employees. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1110347163 issued on June 23, 2022. The Company's board of directors resolved the measurement date was on August 19, 2022. The issue price per share is NT$85.6, and issued 1,932 thousand shares.

B. Capital surplus

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Additional paid-in capital	$6,116,351	$6,036,311
Differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries	52,567	50,925
All changes in interests in subsidiaries	529,959	529,959
Change in joint ventures accounted for using equity method	7,484	7,484
Changes in equity of investment accounted for using equity method	-	1
Shared-Based Payment	8,371	8,371
Restricted stocks for employees	146,094	-
Total	$6,860,826	$6,633,051

According to Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Treasury stock

Treasury stock amounted to NT$50 thousand and NT$0, respectively, divided into 5 thousand shares, and 0 share, respectively, as of December 31, 2022 and 2021.

The movement schedule of treasury stock for the year ended December 31, 2022 and 2021 was as below (in thousand shares):

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the years ended December 31, 2022				
Recover failed restricted stocks	0	5	0	5
For the years ended December 31, 2021				
Recover failed restricted stocks	14	4	18	0

According to the Securities and Exchange Act of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of December 31, 2022 were 45,278 thousand shares, with the maximum payments of NT$29,030,277 thousand.

In compliance with Securities and Exchange Act of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends.

D. Appropriation of earnings and dividend policies

(a) Earning distribution

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount as legal reserve. This restriction shall not apply when the statutory surplus reserve has reached the paid-in capital of the company.
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the Company's dividends are distributed to shareholders or all or part of statutory surplus reserve and capital reserve in whole may be paid in cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting.

(b) Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

(e) The appropriations of earnings for the years 2022 and 2021 were approved through the Board of Directors' meetings and shareholders' meetings held on February 13, 2023 and May 27, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2022 (NT$'000)	2021 (NT$'000)	2022	2021
Legal reserve	$701,489	$386,880		
Special reserve	(55,169)	22,092		
Cash dividend	2,943,012	2,028,798	$6.50	$4.50
Total	$3,589,332	$2,437,770		

Please refer to Note 6(23) for details on employees' compensation and remuneration to directors and supervisors.

(19) Share-based payment plans

Restricted stocks plan for employees

A. On May 27, 2022, the shareholders' meetings resolved to issue of 5,400 thousand shares of restricted stocks for employees. The grantee is limited to employees who meet certain conditions. The restricted stocks have been approved by the Securities and Futures Bureau. On July 25, 2022, the board of directors resolved to issue 2,063 thousand shares. The measurement date was on August 19, 2022 and total shares issued were 1,932 thousand. The unit market price as of the granted date was NT$130.

The employees who acquire the above shares can subscribe shares at the price of NT$85.6 per shares while the vesting conditions are as below.

i. Employee above level eight

Vesting conditions	Proportion of vested shares
Within 1 month starting the granted date	30%(Uncondition round up to thousand shares)
Within 8 months starting the granted date	20%(Uncondition round up to thousand shares)
Within 13 months starting the granted date	20%(Uncondition round down to thousand shares)
Within 20 months starting the granted date	10%(Uncondition round up to thousand shares)
Within 25 months starting the granted date	10%(Uncondition round up to thousand shares)
Within 32 months starting the granted date	Remaining shares

ii. Employee at level six through level seven

Vesting conditions	Proportion of vested shares
Within 1 month starting the granted date	30%(Uncondition round up to thousand shares)
Within 13 months starting the granted date	50%(Uncondition round down to thousand shares)
Within 25 months starting the granted date	Remaining shares

Restriction on employee's right after granted but before vested:

(a)The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted stocks before achieving the vesting conditions.

(b)After new shares of restricted stock are issued, the granted employee should immediately commit to the custodian institution, and not to ask the trustee to return the restricted stock in any other reasons or ways before achieving the vesting conditions.

(c)The restricted stock for employees can participate in receiving dividends during the vesting period.

(d)The right to vote and elect in a shareholders' meeting shall be executed by custodian institution in accordance with related regulations.

On August 19, 2022, the issuance of 1,932 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option amounting to NT$226,084 thousand. The restricted stocks plan was invalidated as of December 31, 2022 and 5 thousand shares were recalled. As a result, capital reserve increased by NT$50 thousand and the unearned employee compensation was NT$35,933 thousand.

B. The expense recognized for employee services received is shown in the following table.

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Total expense arising from equity-settled share-based payment transactions	$47,882	$3,836

C. The Company did not modify the share-based payment plan for the year ended December 31, 2022 and 2021.

(20) Sales

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Revenue from customer contracts		
Sales of goods	$33,398,752	$26,755,390
Other operating revenue	852,267	480,207
Total	$34,251,019	$27,235,597

Analysis of revenue from contracts with customers during the year ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2022

	IC Substrate (NT$'000)
Sales of goods	$33,398,752
Other	852,267
Total	$34,251,019
The timing for revenue recognition:	
At a point in time	$34,251,019

For the year ended December 31, 2021

	IC Substrate (NT$'000)
Sales of goods	$26,755,390
Other	480,207
Total	$27,235,597
The timing for revenue recognition:	
At a point in time	$27,235,597

B. Contract balances

(a) Contract liabilities – current

	As of		
	12/31/2022 (NT$'000)	12/31/2021 (NT$'000)	01/01/2021 (NT$'000)
Sales of goods	$2,475,107	$46,315	$17,507
Current	$33,923	$46,315	$17,507
Non-Current	2,441,184	-	-
Total	$2,475,107	$46,315	$17,507

The significant changes in the Company's balances of contract liabilities for the year periods ended December 31, 2022 are as follows:

	Sales of goods
The opening balance transferred to revenue	$(45,702)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,474,494

The significant changes in the Company's balances of contract liabilities for the year periods ended December 31, 2021 are as follows:

	Sales of goods
The opening balance transferred to revenue	$(17,167)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	45,975

(21) Expected credit losses (gains)

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Operating expenses – Expected credit losses / (gains)		
Accounts receivable	$12,397	$(2,228)

Please refer to Note 12 for more details on credit risk.

The Company measured the impairment against the other receivables reclassified from accounts receivable due to factoring agreements mainly based on the expected credit loss for 12 months of the counter-party financial institutions. As of December 31, 2022 and 2021, there was no other receivables pass due. Furthermore, the Company assessed the related expected credit loss to be insignificant because the counter-party financial institutions are of good credit condition.

The Company measures the loss allowance of its contract assets and accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2022 and 2021 are as follows:

A. The Company considers the grouping of accounts receivable by counter-parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows:

December 31, 2022	Not past due (Note) (NT$'000)	Past due <=30 days (NT$'000)	Past due 31-60 days (NT$'000)	Past due 61-90 days (NT$'000)	Past due 91-120 days (NT$'000)	Total (NT$'000)
Gross carrying amount	$3,869,863	$276,672	$67,879	$836	$-	$4,215,250
Loss ratio	-%	5%	15%	30%	50%	
Lifetime expected credit losses	-	(13,834)	(10,182)	(251)	-	(24,267)
Carrying amount of accounts receivable	$3,869,863	$262,838	$57,697	$585	$-	$4,190,983

December 31, 2021	Not past due (Note) (NT$'000)	Past due <=30 days (NT$'000)	Past due 31-60 days (NT$'000)	Past due 61-90 days (NT$'000)	Past due 91-120 days (NT$'000)	Total (NT$'000)
Gross carrying amount	$4,053,761	$233,400	$1,329	$-	$-	$4,288,490
Loss ratio	-%	5%	15%	30%	50%	
Lifetime expected credit losses	-	(11,670)	(200)	-	-	(11,870)
Carrying amount of accounts receivable	$4,053,761	$221,730	$1,129	$-	$-	$4,276,620

Note: all the Company's note receivables were not past due.

B. The movement in the provision for impairment of notes receivable, and accounts receivable during the years ended December 31, 2022 and 2021 are as follows:

	Notes receivable (NT$'000)	Accounts receivable (NT$'000)
Beginning balance as of January 1, 2022	$-	$11,870
Addition/(reversal) for the current period	-	12,397
Ending balance as of December 31, 2022	$-	$24,267
Beginning balance as of January 1, 2021	$-	$14,098
Addition/(reversal) for the current period	-	(2,228)
Ending balance as of December 31, 2021	$-	$11,870

(22) Leases

A. Company as a lessee

The Company leases various properties (land and buildings) and transportation equipment. These leases have terms of between 1 and 3 years. The Company may not allow to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Income and costs relating to leasing activities

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
The expense relating to short-term leases (rent expenses)	$(14,270)	$(13,202)

The portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT$0.

(b) Cash outflow relating to leasing activities

During the year ended December 31, 2022 and 2021, the Company's total cash outflow for leases amounting to NT$14,270 thousand and NT$13,202 thousand, respectively.

B. Company as a lessor

The Company has entered leases on plants. These leases have an average life of one to three years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Lease income for operating leases		
Income relating to fixed lease payments	$3,091	$7,106

For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2022 and 2021 are as follows:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Less than one year	$392	$392
More than one year but less than five years	1,537	2,027
Total	$1,929	$2,419

(23) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	2022 (NT$'000)			2021 (NT$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	$4,577,785	$1,220,530	$5,798,315	$3,436,957	$931,475	$4,368,432
Labor and health insurance	323,616	56,959	380,575	285,238	49,717	334,955
Pension	116,148	28,248	144,396	108,667	26,218	134,885
Directors' remuneration	-	69,913	69,913	-	34,370	34,370
Other employee benefit	210,583	33,295	243,878	170,968	29,791	200,759
Depreciation	3,416,329	280,222	3,696,551	2,925,941	279,436	3,205,377
Amortization	-	49,923	49,923	-	38,003	38,003

Note 1 : The headcounts of the Company amounted to 6,043 and 5,586, respectively, as of December 31, 2022 and 2021. Among the Company's directors, there were both 5 who were not the employees, respectively.

Note 2 ∶ Companies who have been listed on Taiwan Stock Exchange or Taiwan Over – The Counter Securities Exchange should disclose the following information:

(1) Average employee benefits of 2022 and 2021 are NT$1,088 thousand and NT$903 thousand, respectively.
(2) Average salaries of 2022 and 2021 are NT$961 thousand and NT$783 thousand, respectively.
(3) Change in average salaries are 23%.
(4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.

(5) The salary and remuneration policy of the Company:

According to Articles 24 of the Company's Articles of Incorporation, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. In addition to the basic salaries, employees' annual salaries are also adjusted based on the Company's performance to motivate and retain outstanding employees. In addition, according to Articles 15 of the Company's Articles of Incorporation, the Company pays remuneration to directors for performing duties whether the Company makes profit or not. The Company authorizes the Board of Directors to determine the remunerations which are allocated according to directors performance, level of contribution referencing the industry standards. In accordance with the regulations, the compensation committee will make recommendations on directors' remuneration and the salaries of managers, then submit to the Board of Directors for approval.

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 and 2021 to be not lower than 10% and not higher than 1% of profit of the current period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amounted to NT$1,198,514 thousand and NT$69,913 thousand, respectively, and, for the year ended December 31, 2021 amounted to NT$582,161 thousand and NT$34,370 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries. The Company's Board of Directors has determined the employees' compensation and directors' remuneration, all in cash, to be NT$1,198,514 thousand and NT$69,913 thousand, respectively, in a meeting held on February 13, 2023.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$582,161 thousand and NT$34,370 thousand, respectively, in a meeting held on February 15, 2022. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2021.

(24) Non-operating incomes and expenses

A. Interest incomes

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Interest income		
Financial assets measured at amortized cost	$50,416	$24,950

B. Other incomes

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Government grants	$14,172	$8,239
Other income－others	142,412	178,533
Total	$156,584	$186,772

C. Other gains and losses

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Gain (Loss) from disposal of property, plant and equipment	$27,085	$19,982
Foreign exchange gain (loss), net	119,755	22,986
Gain of financial assets at fair value through profit or loss	2,944	1,554
Loss from Fire (net)	(2,526)	-
Loss from disposal investment	(6,650)	-
Other expenses	-	(88)
Total	$140,608	$44,434

D. Finance costs

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Interests on bank loans	$123,381	$62,241

(25) Components of other comprehensive income (OCI)

For the year ended December 31, 2022

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
To be reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	$42,519	$-	$42,519	$-	$42,519

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
May be reclassified to profit or loss in subsequent period:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	55,169	-	55,169	-	55,169
Total OCI	$97,688	$-	$97,688	$-	$97,688

For the year ended December 31, 2021

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	$9,757	$-	$9,757	$-	$9,757
May be reclassified to profit or loss in subsequent period:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	(22,092)	-	(22,092)	-	(22,092)
Total OCI	$(12,335)	$-	$(12,335)	$-	$(12,335)

(26) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Current income tax expense (benefit):		
Current income tax expense	$1,748,657	$429,341
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(355)	(182)
Total income tax expense	$1,748,302	$429,159

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Accounting profit before tax from continuing operations	$8,725,094	$4,288,143
Tax payable at the enacted tax rates	$1,745,019	$857,630
Surtax on undistributed earnings	71,552	1,569
Tax effect of income tax-exempted	(104,949)	(81,726)
Tax effect of deferred tax assets/liabilities	36,680	(223,451)
Other adjustments according to the Tax Law	-	(124,863)
Total income tax recognized in profit or loss	$1,748,302	$429,159

C. Deferred tax assets (liabilities) relate to the following.

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022 (NT$'000)	Deferred tax income (expense) recognized in profit or loss (NT$'000)	Deferred tax income (expense) recognized in other comprehensive income (NT$'000)	Ending balance as of December 31, 2022 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Allowance for Inventory Valuation and Obsolescence Losses	-	-	-	-
Unrealized exchange loss (gain)	(355)	355	-	-
Deferred tax income/(expense)		$355	$-	
Net deferred tax assets/(liabilities)	$9,238			$9,593
Reflected in balance sheet as follows:				
Deferred tax assets	$9,593			$9,593
Deferred tax liabilities	$(355)			$-

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021 (NT$'000)	Deferred tax income (expense) recognized in profit or loss (NT$'000)	Deferred tax income (expense) recognized in other comprehensive income (NT$'000)	Ending balance as of December 31, 2021 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Allowance for Inventory Valuation and Obsolescence Losses	4,085	(4,085)	-	-
Unrealized exchange loss (gain)	(4,622)	4,267	-	(355)
Deferred tax income/ (expense)		$182	$-	
Net deferred tax assets/(liabilities)	$9,056			$9,238
Reflected in balance sheet as follows:				
Deferred tax assets	$13,678			$9,593
Deferred tax liabilities	$(4,622)			$(355)

D. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$702,065 thousand and NT$803,337 thousand, respectively.

E. The Company's tax filings up to 2019 were finalized as of December 31, 2022.

(27) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the year ended December 31,	
	2022	2021
Net income available to common shareholders of the parent (NT$'000)	$6,976,792	$3,858,984
Weighted average number of common shares outstanding (in thousand shares)	451,027	450,646
Basic earnings per share (in NT$)	$15.47	$8.56

B. Diluted earnings per share

	For the year ended December 31,	
	2022	2021
Net income available to common shareholders of the parent (NT$'000)	$6,976,792	$3,858,984
Net income available to common shareholders of the parent after dilution (NT$'000)	$6,976,792	$3,858,984
Weighted average number of common shares outstanding (in thousand shares)	451,027	450,646

	For the year ended December 31,	
	2022	2021
Effect of dilution:		
Employee bonus (compensation) – stock (in thousand shares)	11,809	2,571
Weighted average number of common shares outstanding after dilution (in thousand shares)	462,836	423,217
Diluted earnings per share (in NT$)	$15.07	$8.51

No other transactions that would significantly change the outstanding common shares or potential common shares incurred during the period after reporting date and up to the approval date of financial statements.

7. RELATED PARTY TRANSACTIONS

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Pegatron Corporation	Parent company
KINSUS CORP. (USA)	Subsidiary
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Subsidiary
PIOTEK COMPUTER (SUZHOU) CO., LTD.	Subsidiary
BeautyTech Platform Corporation	Subsidiary
FuYang Technology Corp.	Associate
ASFLY TRAVEL SERVICE LTD.	Other related party
AzureWave Technologies (Shanghai) Inc.	Other related party
AzureWave Technologies, Inc	Other related party

(2)Significant transactions with related parties

A.Sales

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Subsidiaries	$20,717	$60,826
Other related parties	3,360	1,578
Total	$24,077	$62,404

Selling prices and collection terms to related parties are similar to those to third party customers for the year ended December 31, 2022 and 2021. The collection terms are 30 to 90 days from the end of delivery month by telegraphic transfer.

B.Purchases

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Subsidiaries	$2,926,925	$3,133,718

The product specification of goods purchased from related parties in the year ended December 31, 2022 and 2021, differed from those purchased from other vendors. Thus, transaction prices are not comparable. The payment terms for related parties and non-related parties are 60 days and 30 to 90 days, respectively, from the end of delivery month by telegraphic transfer.

C.The Company recognized commission expenses amounting to NT$35,998 thousand and NT$38,793 thousand, respectively, for the year ended December 31, 2022 and 2021, due to delegating its subsidiaries for marketing.

D.For the year ended December 31, 2022, the Company recognized travelling of NT$157 thousand for commissioning subsidiaries to handle travelling logistics.

E.For the year ended December 31, 2021, the Company recognized operating expense of NT$224 thousand due to subcontracting maintenance and repair on factories to its associate.

F.The Company charged its subsidiaries for providing technology support in amount of NT$315 thousand, recorded under the caption of other non-operating incomes, for the year ended December 31, 2021.

G.The Company recognized other incomes in amount of NT$1,136 thousand and NT$8,172 thousand for the year ended December 31, 2022 and 2021, respectively, due to selling tools and spare parts to its subsidiaries.

H.For the year ended December 31, 2021, the Company recognized rent income of NT$3,538 thousand for plants leased to associate.

I. For the year ended December 31, 2021, the Company recognized other income of NT$361 thousand for utility bills paid for associate.

J.For the year ended December 31, 2022, the Company recognized operating expenses of NT$2,770 thousand for services provided by the Parent.

K.For the year ended December 31, 2022, the Company recognized operating expenses of NT$1,828 thousand for services provided by its subsidiaries.

L.For the year ended December 31, 2022, the Company recognized operating expenses of NT$1,165 thousand for services provided by its associate.

M.For the year ended December 31, 2022, the Company recognized operating expenses of NT$239 thousand for services provided by its subsidiaries.

N.For the year ended December 31, 2022, the Company recognized operating expenses of NT$445 thousand for, due to buying tools and spare parts from its subsidiaries.

O.Accounts receivable - related parties

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Subsidiaries	$-	$10,177
Other related parties	902	930
Less: loss allowance	-	-
Net	$902	$11,107

P.Other receivables

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Subsidiaries	$15,066	$17,993

Q.Account payable - related parties

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Subsidiaries	$241,659	$611,152

R.Accrued expenses

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Parent company	$3,809	$-
Subsidiaries	3,447	3,002
Other related parties	162,437	-
Total	$169,693	$3,002

S.Prepaid expenses

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Parent company	$3,166	$-
Other related parties	516	-
Total	$3,682	$-

T.Detail of selling property, plant and equipment to related parties for the year ended December 31, 2022 and 2021, respectively was as follow.

Variety	Related parties	Carrying Value	Price	Gain on disposal	Reference basis for price decision
2022					
Machinery	Subsidiaries	$1,425	$3,871	$2,446 (Note)	Bidding
2021					
Machinery	Subsidiaries	$14,156	$30,773	$16,617 (Note)	Bidding

Note: The gains were recorded as unrealized profits.

U.Property transection with related party

Variety	Related parties	Acquisition Price	Reference basis for price decision
2022.01.01~2022.12.31			
Machinery	Other related parties	$169,921	Bidding
Machinery	Subsidiaries	$19,293	Bidding
Machinery	Parent company	$462	Bidding

V.Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Short-term employee benefits	$97,871	$52,426
Post-employee benefits	972	963
Total	$98,843	$53,389

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Company's unused letters of credit (LC) as of December 31, 2022 were as follows:

Currency	LC Amount (in thousand)		Security (in thousand)
JPY	JPY	8,691,075	$-
USD	USD	10,017	-

(2) Detail of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2022 was as follow:

Nature of Contract	Contract Amount (NT$'000)	Amount Paid (NT$'000)	Outstanding Balance (NT$'000)
Machinery and construction contracts	$16,620,212	$8,547,950	$8,072,262

(3) The Company has entered into a long-term sales agreement with its customer. The customer should fulfill its obligation of making a certain number of orders as agreed in the agreement and the Group shall provide the products to the customer pursuant to the agreement.

(4) The Company entered into long-term sales agreements with its customers. According to the agreement, after customers pay the deposit in advance, the Company shall provide the products to the customer pursuant to the agreement.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

In accordance with a resolution proposed by Board in a meeting held on February 15, 2022 and approved by Shareholders in the annual general meeting held on May 27, 2022, the Company shall execute 2022 restricted stocks plan in total volume of 5,400,000 shares. The issuance is approved by Financial Supervisory Commission (”FSC”) on June 23, 2022 in an FSC's letter numbered 1110347163.

The Board meeting on February 13, 2023 resolves to issue 2,035,500 restricted shares at unit share price of NT$85.6 with the record date of issuance on March 20, 2023.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through P/L	$540,099	$537,155
Financial assets measured at amortized cost		
Cash and cash equivalents	12,137,938	11,947,282
Time deposit	20,057	20,057
Notes receivable and accounts receivable	4,190,983	4,276,620
Other receivable	592,901	392,922
Total	$17,481,978	$17,174,036

Financial liabilities

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Financial liabilities measured at amortized cost:		
Short-term loans	$-	$391,991
Payables	8,977,330	7,479,772
Long-term loans (including current portion with maturity less than 1 year)	10,692,487	8,967,213
Total	$19,669,817	$16,838,976

(2) Objectives and policies of financial risk management

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. It is stated as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, the net income (loss) for the years ended December 31, 2022 and 2021 would decrease/increase by NT$82,515 thousand and NT$38,417 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2022 and 2021 would decrease/increase by NT$7,093 thousand and NT$5,278 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and financing activities (primarily for bank deposits and other financial instruments).

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Company's internal credit ratings. The Company also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2022 and 2021, receivables from the top ten customers were accounted for 60.02% and 59.50% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year (NT$'000)	1 to 2 years (NT$'000)	2 to 3 years (NT$'000)	3 to 4 years (NT$'000)	4 to 5 years (NT$'000)	More than 5 years (NT$'000)	Total (NT$'000)
As of December 31, 2022							
Loans	$1,141,407	$1,562,918	$2,033,821	$2,142,387	$1,230,488	$3,115,769	$11,226,790
Payables	8,977,330	-	-	-	-	-	8,977,330
As of December 31, 2021							
Loans	$1,007,613	$1,044,723	$1,532,851	$2,124,323	$2,064,073	$1,849,544	$9,623,127
Payables	7,479,772	-	-	-	-	-	7,479,772

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2022:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Refundable deposits (NT$'000)	Total liabilities from financing activities (NT$'000)
As of January 1, 2022	$391,991	$8,967,213	$1,744,029	$11,103,233
Cash flows	(391,991)	1,746,115	3,078,618	4,432,742
Non-cash changes				
Other	-	(20,841)	-	(20,841)
As of December 31, 2022	$-	$10,692,487	$4,822,647	$15,515,134

Movement schedule of liabilities for the year ended December 31, 2021:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Refundable deposits (NT$'000)	Total liabilities from financing activities (NT$'000)
As of January 1, 2021	$1,708,365	$3,024,913	$-	$4,733,278
Cash flows	(1,316,374)	5,971,338	1,744,029	6,398,993
Non-cash changes				
Other	-	(29,038)	-	(29,038)
As of December 31, 2021	$391,991	$8,967,213	$1,744,029	$11,103,233

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Company in estimating the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed stocks and bonds).

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for Fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows.

As of December 31, 2022

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$540,099	$-	$-	$540,099
Financial liabilities:				
None				

As of December 31, 2021

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$537,155	$-	$-	$537,155
Financial liabilities:				
None				

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliation for fair value measurements on a recurring basis in Level 3 hierarchy

During the year ended December 31, 2022, there was not movement of fair value measurements.

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Company's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

	As of December 31,					
	2022			2021		
	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)
Financial assets						
Monetary items:						
USD	$293,594	30.72	$9,018,480	$179,064	27.68	$4,957,040
Non-monetary item:						
USD	$108,359	30.72	$3,328,524	$88,958	27.68	$2,462,624
Financial liabilities						
Monetary items:						
USD	$24,970	30.72	$767,005	$40,290	27.68	$1,115,354

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

Foreign currency resulting in exchange gain or loss	For the year ended December 31, 2022 (NT$'000)	2021 (NT$'000)
USD	$120,179	$6,971
Other	(424)	(16,015)

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages and adjusts its capital structure considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 3.

F. Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 4.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: None.

I. Derivative instrument transactions: None.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 7.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 8.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: Please refer to attachment 9.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars/ Foreign currencies)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (NT$'000)	Profit/Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment	Share of Profit/Loss (NT$'000)	Carrying Amount as of December 31, 2022 (NT$'000)	Accumulated Inward Remittance of Earnings as of December 31, 2022 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2022 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	$2,150,225 (Note 2)	(2)	$2,150,225 (Note 2)	$-	$-	$2,150,225 (Note 2)	$1,040,694 (Note 2 and Note 4)	100%	$1,040,694 (Note 2 and Note 4)	$3,300,364 (Note 2 and Note 4)	$-	$2,150,225 (Note 2)	$2,150,225 (Note 2)	No upper limit (Note 5)

Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	$5,120,607 (Note 2)	(2)	$2,895,247 (Note 2)	$-	$-	$2,895,247 (Note 2)	$(250,899) (Note 2 and Note 4)	51%	$(127,958) (Note 2 and Note 4)	$(77,419) (Note 2 and Note 4)	$-	$2,895,247 (Note 2)	$2,895,247 (Note 2)	No upper limit (Note 5)
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	$- (Note 7)	(2)	$59,980	$-	$59,980	$- (Note 7)	$1,168 (Note 2 and Note 4)	-% (Note 7)	$1,168 (Note 2 and Note 4)	$- (Note7)	$-	$- (Note7)	$- (Note7)	$- (Note7)
Pegavision (Jiangsu) Limited	Producing and Selling medical equipment	$85,620 (USD 3,000)	(1)	$85,620	$-	$-	$85,620	$(2,618) (Note 2 and Note 4)	30.33%	$(794) (Note 2 and Note 4)	$23,974 (Note 2 and Note 4)	$-	$85,620	$85,620	$3,891,439 (Note 6)

BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	$14,885 (USD 500)	(3) (Note 3)	$-	$14,885	$-	$14,885	$14,507 (Note 2 and Note 4)	30.33%	$3,740 (Note 2 and Note 4)	$7,542 (Note 2 and Note 4)	$-	$14,885	$14,885	
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	$112,559 (USD 3,600)	(3) (Note 8)	$112,559	$-	$-	$112,559	$(16,831) (Note 2 and Note 4)	30.33%	$(5,077) (Note 2 and Note 4)	$24,002 (Note 2 and Note 4)	$-	$95,043	$95,043	$156,246 (Note 10)
Gemvision Technology (Zhejiang) Limited	Selling medical equipment	$97,031 (RMB 22,000) (Note 2)	(3) (Note 9)	$-	$-	$-	$-	$(2,403) (Note 2 and Note 4)	30.33%	$(888) (Note 2 and Note 4)	$21,068 (Note 2 and Note 4)	$-	$-	$-	

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Go directly to the mainland for investment.

(2) Reinvest in mainland China through a third-region company.

(3) Other methods.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: 100% Shares of BeautyTech Platform (Shanghai) owned and directly invested by BeautyTech Platform Corporation.

Note 4: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 5:The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 6: The upper limit on investment for Pegavision (Jiangsu) Limited is calculated as 60% of the net value of the recent financial statements audited by independent auditors of Pagavision Corporation.

Note 7: Xiang-Shou (Suzhou) Trading Limited has completed the cancellation of registration in July 2022. On August 12, 2022, the Company applies to MOEA to cancel the investment in Xiang-Shou (Suzhou) Trading Limited.

Note 8: To improve the synergy of the Group, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from Pagavision Corporation.

Note 9: 100% Shares of Gemvision Technology owned and directly invested by Pegavision Contact Lenses (Shanghai) Corporation.

Note 10: The upper limit on investment for BeautyTech Platform (Shanghai) Corporation, Pegavision Contact Lenses (Shanghai) Corporation and Gemvision Technology (Zhejiang) Limited are calculated as 60% of the net value of the recent financial statements audited by independent auditors of BeautyTech Platform Corporation.

B. Significant transactions with investees in China.

(a) Purchase and balances of related accounts payable as of December 31, 2022:

	Purchases		Accounts Payable	
	Amount (NT$'000)	% to Net Purchase	Amount (NT$'000)	% to Account Balance
The Company's purchase from Kinsus Interconnect Technology Suzhou	$2,926,925	22.86%	$241,659	11.86%

The product specification of goods purchased by the Company from Kinsus Interconnect Technology Suzhou Corp. in the year ended December 31, 2022 differed from goods purchased from other vendors. Thus, transaction prices are not comparable. Payment term for related parties and non related parties are 60 days, respectively, from the end of delivery month. The payment terms for non-related parties are 30 to 90 days from the end of delivery month by telegraphic transfer.

(b) Sales, the ending balance of related accounts receivable and their weightings.

	Sales		Accounts receivable	
	Amount (NT$'000)	% to Net Sales	Amount (NT$'000)	% to Account Balance
Sale of Piotek Computer (Suzhou) to Piotek (H.K.) Trading	USD1,485	5.43%	-	-%
Sale of Piotek Computer (Suzhou) to Kinsus Interconnect Technology Suzhou	USD240	0.88%	-	-%
Sale of the Company to Kinsus Interconnect Technology Suzhou	$20,717	0.06%	-	-%

The product specification of goods sold between subsidiaries in the year ended December 31, 2022 differed from goods sold to other customers. Thus, transaction prices cannot be reasonably compared. Sales of the Company to Kinsus Interconnect Technology Suzhou Corp have the same product prices as sales to non-related parties. Collection terms are also equivalent to the ones for non-related parties, which is 30 to 90 days from delivery by telegraphic transfer.

(c) Property transaction amounts and resulting gain or loss:

Variety	Related parties	Carrying Value	Price	Gain on disposal (Note)	Reference basis for price decision
Machinery	Kinsus Interconnect Technology Suzhou Corp	$262,997	$320,616	$57,619 (Note)	Negotiated price

Note: For the year ended December 31, 2019, the Company wrote off NT$38,556 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2022, unrealized gain on disposal of property, plant and equipment is NT$2,239 thousand, and recognized as the credit balance of investments accounted for using the equity method.

For the year ended December 31, 2021, the Company wrote off NT$16,617 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2022, unrealized gain on disposal of property, plant and equipment is NT$5,487 thousand, and recognized as the credit balance of investments accounted for using the equity method.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered:

a. The Company sold fixtures and spare parts to Piotek Computer (Suzhou) Co., Ltd. and Kinsus Interconnect Technology Suzhou Corp. Trading Limited and recognized other income of NT$1,136 thousand for the year ended December 31, 2022.

b. As of December 31, 2022, the balance of other receivables amounted to NT$15,066 thousand. The other receivable were resulted from the Company's sale of fixtures to Kinsus Interconnect Technology Suzhou Corp.

(4) Information on major shareholders:

Ownership of shares / Name	Number of shares held (shares)	Ownership ratio
Asus Investment Co., Ltd.	60,128,417	13.27%
Asustek Investment Co., Ltd.	58,233,091	12.86%
Asuspower Investment	55,556,221	12.27%

14. OPERATING SEGMENT INFORMATION

The Company has provided the operating segment disclosure in the consolidated financial statements.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2022

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party											
No. (Note 1)	Name	Name	Nature of Relationship	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
-	-	-	-	-	$-	$-	$-	$-	-%	-	-	-	-

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

Note 3: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT$125,079 thousand.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2022

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2022				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value	
Kinsus Interconnect Technology Corp.	Money market funds:							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	21,355,432	$257,509	-%	$272,192	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	267,907	
	Subtotal				512,952		$540,099	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				27,147			
	Total				$540,099			

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the	Transfer Date	Amount			
Kinsus Interconnect Technology Corp.	Houses and buildings	2022.02.25、2022.03.15 and 2022.06.27	$2,720,500	By Contract	Fan Da Construction Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Kinsus Interconnect Technology Corp.	Land, houses and buildings (Including clean room and air conditioning system)	2022.03.16	$2,310,800	By Contract	Yankey Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Kinsus Interconnect Technology Corp.	Land, houses and buildings (Including air conditioner mechanical and electrical construction)	2022.07.20	$3,580,000	By Contract	Chiu Ho Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Attachment 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	$2,926,925	22.86%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonablely compared.	Other vendors also enjoy payment within 30~90 days from the end of delivery month	Accounts payable $(241,659)	(11.74)%	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2022

Attachment 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount As of December 31, 2021	Original Investment Amount As of December 31, 2022	Balance as of December 31, 2022 Shares	%	Carrying Value	Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA. U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD 500	USD 500	500,000	100.00%	$71,710	$(2,492)	$(2,492)	
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 166,309	USD 164,309	164,308,720	100.00%	$3,230,275	$883,693	$874,585 (Note 2)	
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taiwan	Investing activities	$1,600,000 (Note)	$1,600,000 (Note)	160,000,000	100.00%	$2,841,401	$522,300	$522,300	
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	$252,455 (Note 1)	$252,455 (Note 1)	21,233,736	30.33%	$1,949,698	$1,542,135	$467,790	
Kinsus Investment Co., Ltd.	FuYang Technology Corp.	Taiwan	Electronic Parts and Components Manufacturing	$929,422	$929,422	64,176,872	35.65%	$381,123	$149,546	$53,319	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 72,000	USD 70,000	70,000,000	100.00%	USD 107,442	USD 33,690	USD 33,690	
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD (1,418)	USD (8,288)	USD (4,227)	
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD (2,780)	USD (8,288)	USD (8,288)	
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,162	USD (120)	USD (120)	
Pegavision Corporation	PEGAVISION JAPAN INC.	Japan	Selling Medical equipment	JPY 9,900	JPY 9,900	198	100.00%	$94,156	$35,608	$35,608	
Pegavision Corporation	Mayin Investment Co., Ltd.	Taiwan	Investing activities	$120,003	$246,003	21,000,000	100.00%	$383,590	$102,903	$102,903	
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	$40,000	$107,500	8,500,000	85.00%	$221,349	$114,108	$107,629	
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	$27,500	$27,500	2,750,000	55.00%	$25,576	$(3,481)	$(1,915)	
BeautyTech Platform Corporation	Aquamax Vision Corporation	U.S.A.	Selling medical equipment and cosmetic products	USD 1,100	- (Note 3)	-	-%	$- (Note 3)	$(6,344)	$(6,206)	
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	Not applicable	USD 200	200,000	100.00%	$6,221	$(46)	$(46)	
FacialBeau International Corporation	Aquamax Vision Corporation	U.S.A.	Selling medical equipment and cosmetic products	- (Note 3)	USD 1,100	11,000,000	100.00%	$6,895 (Note 3)	$(6,344)	$(138)	
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	Not applicable	KRW 100,000	-	100.00%	$2,345	$(87)	$(87)	

Note : The Company's original investment in Kinsus Investment Co., Ltd. was NT$500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT$102,000 thousand to offset deficits in 2013
And increased capital by NT$602,000 thousand and NT$600,000 thousand in 2016 and 2017, respectively. After the increases, the Company's investment amount increased to NT$1,600,000 thousand.

Note 1: Kinsus Investment Co., Ltd. invested Pegavision Corporation in cost of NT$286,418 thousand.
As Pegevision Corporation has become a listed company since October, 2019, Kinsus Investment Co., Ltd decreased its investment by NT$33,963 thousand in selling 855 thousand shares.

Note 2: It includes the investment income accounted for using equity method of 883,693 thousand, realized benefits on upstream transactions of 17,432 thousand and the unrealized benefits on upstream transactions of 26,540 thousand.

Note 3: To improve the synergy of the Group, the equity of Aquamax Vision Corporation was transferred to FacialBeau International Corporation from BeautyTech Platform Corporation.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2022

Attachment 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2022 Shares (Unit)	Carrying Amount	%	Fair Value	Guarantee, Pledge or Other Restricted Conditions Shares	Carrying Amount	Note
Kinsus Investment Co., Ltd.	Money market funds:									
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	829,070	$11,314	-%	$11,964	-	$-	
Pegavision Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	17,190,427	264,000	-%	$570,445	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	18,482,095	306,000	-%				
Mayin Investment Co., Ltd.	Money market funds:									
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	392,329	5,000	-%	$5,001	-	$-	
BeautyTech Platform Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,733,974	42,000	-%	$91,042	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	2,958,590	49,000	-%				
	Valuation adjustments of financial assets held for trading				1,138					
	Total				$678,452					
Kinsus Investment Co., Ltd.	Stocks:									
	Ethos Original Co., Ltd.	-	Measured at fair value through other comprehensive income	5,000,000	$50,000	7.49%	$50,000	-	$-	
	Li Chang Finery Inc	-	Measured at fair value through other comprehensive income	32,653	1,000	1.01%	1,000	-	-	
	Total				$51,000		$51,000		$-	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Attachment 7

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note)	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Pegavision Corporation	Right-of-use assets -Buildings	2022.04.25	$330,604	By Contract	Pegatron Corporation	Ultimate parent company	Pegatron Corporation	Ultimate parent company	Renew the tenancy	None	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None

Note: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Attachment 8

(In Thousands of US / NTD Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 98,914	73.91%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 8,086	79.03%	
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	$2,591,603	46.25%	Payment within 90 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $335,242 Contract liability $(210)	37.41% 1.98%	
Pegavision Corporation	BeautyTech Platform Corporation	Also a subsidiary under the Company's control	Sales	$262,481	4.68%	Payment within 120 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $98,960	11.04%	
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Also a subsidiary under the Company's control	Sales	$287,764	5.14%	Payment within 180 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $67,566	7.54%	

English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2022

Attachment 9

(In Thousands of US / NTD Dollars))

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 8,086 (Note)	6.38	$-	-	$-	$-
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	$335,242 (Note)	8.14	$-	-	$45,575	$-

Note: Accounts receivable.

English Translation of Financial Statements and a Report Originally Issued in Chinese

MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Kinsus Interconnect Technology Corp. as of December 31, 2022 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kinsus Interconnect Technology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Kinsus Interconnect Technology Corp.

By

Liao, Sih-Jheng

Chairman

February 13th, 2023

English Translation of Financial Statements and a Report Originally Issued in Chinese

INDEPENDENT AUDITORS' REPORT

To The Board of Directors of
Kinsus Interconnect Technology Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. (the "Company") and its subsidiaries as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together referred as "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditor(s), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT$42,441,054 thousand (including revenue from discontinued operations amounting to NT$814,568 thousand) for the year ended December 31, 2022 is a significant account to the Company's consolidated financial statements. The Company has conducted these sale activities in multi-marketplace, including Taiwan, China, USA, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, and performance obligation for revenue recognition from foreign warehouses with sale agreement or orders, performing analytical review procedures on monthly sale revenues, executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Notes 4 and 6 to the consolidated financial statements.

Market valuation on Inventory

We determined the market valuation on inventory is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company’s net inventory amounted to NT$3,480,943 thousand as of December 31, 2022. As the application market of substrate, the Company’s main products, is characterized by rapid development in technology and the trend of consumers’ preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company’s policy with respect to assessment the loss from slow-moving inventory and phased-out items, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company’s inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the consolidated financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of FuYang Technology Corp., an invested associate accounted for under the equity method. The financial statements of FuYang Technology Corp. as of December 31, 2022 and 2021 and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT$381,123 thousand and NT$325,005 thousand as of December 31, 2022 and 2021 representing 0.53% and 0.56% of the Company’s consolidated total assets, the related shares of income before tax from the associate under the equity method for the years then ended amounting to NT$ 53,319 thousand and NT$27,839 thousand representing 0.53% and 0.54% of the Company’s consolidated income before tax, and the related shares of other comprehensive income from the associate under the equity method for the years then ended amounting to NT$2,799 thousand and NT$(1,623) thousand representing 2.72% and 6.69% of the consolidated other comprehensive income, are based solely on the audit reports of other auditors.

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

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

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2022 and 2021.

Hong, Mao-Yi

Cheng, Ching-Piao

Ernst & Young
February 13th, 2023
Taipei, Taiwan,
Republic of China

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$16,684,198	23	$15,332,027	26
1110	Financial assets at fair value through profit or loss	4, 6(2)	1,218,551	2	616,080	1
1136	Financial assets carried at amortized cost	4, 6(3)	20,057	-	20,057	-
1150	Notes receivable, net	4, 6(5)	11,200	-	4,200	-
1170	Accounts receivable, net	4, 6(6)	5,035,681	7	5,648,004	10
1180	Accounts receivable - related parties, net	6(6), 7	2,924	-	26,311	-
1200	Other receivables		606,035	1	406,415	1
1210	Other receivables - related parties	7	-	-	367	-
1310	Inventories, net	4, 6(7)	3,480,943	5	3,465,944	6
1410	Prepayments	7	659,751	1	532,717	1
1470	Other current assets		380,949	-	372,182	-
11xx	Total current assets		28,100,289	39	26,424,304	45
	Non-current assets					
1517	Financial asset at fair value through OCI	4, 6(4)	51,000	-	51,000	-
1550	Investment accounted for under equity method	4, 6(8)	381,123	1	325,005	1
1600	Property, plant and equipment, net	4, 6(9), 7, 8, 9	31,552,538	43	24,413,455	42
1755	Right-of-use asset	4, 6(23)	517,233	1	353,295	1
1780	Intangible assets	4, 6(10)	48,023	-	33,218	-
1840	Deferred income tax assets	4, 6(27)	27,386	-	23,053	-
1900	Other non-current assets	6(11), 6(18) 7, 8	119,314	-	91,805	-
1915	Prepayment for acquiring machinery	6(9), 9	11,836,510	16	6,671,013	11
15xx	Total non-current assets		44,533,127	61	31,961,844	55
1xxx	Total Assets		$72,633,416	100	$58,386,148	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Kinsus Interconnect Technology Corp. and Subsidiaries
Consolidated Balance Sheets-(Continued)
As of December 31, 2022 and 2021
(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2022		As of December 31, 2021	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	$376,620	-	$1,099,846	2
2130	Contract liability	4, 6(21)	112,683	-	111,350	-
2150	Notes payable		24,330	-	28,636	-
2170	Accounts payable		2,148,750	3	2,886,877	5
2200	Other payables	6(13), 7	8,624,862	12	7,234,272	13
2230	Current income tax liabilities	4	1,926,949	3	754,071	1
2280	Lease liability	4, 6(23)	132,253	-	52,396	-
2300	Other current liabilities	6(14)	1,481,521	2	1,634,143	3
2365	Refund liability	4, 6(15)	545,781	1	181,108	-
21xx	Total current liabilities		15,373,749	21	13,982,699	24
	Non-current liabilities					
2527	Contract liability	4, 6(21)	2,441,184	4	-	-
2540	Long-term loans	6(16), 8	10,770,014	15	9,387,273	16
2570	Deferred income tax liabilities	4, 6(27)	37,335	-	26,016	-
2580	Lease liability	4, 6(23)	231,107	-	109,107	-
2600	Other non-current liabilities	6(17)	4,964,134	7	1,891,955	3
25xx	Total non-current liabilities		18,443,774	26	11,414,351	19
2xxx	Total liabilities		33,817,523	47	25,397,050	43
31xx	Equity attributable to shareholders of the parent					
3100	Capital	6(19)				
3110	Common stock		4,527,761	6	4,508,441	8
3200	Capital surplus	6(19)	6,860,826	9	6,633,051	11
3300	Retained earnings	6(19)				
3310	Legal reserve		4,087,701	5	3,700,821	6
3320	Special reserve		203,108	1	181,016	-
3350	Unappropriated earnings		18,826,225	26	14,249,110	25
3400	Other components of equity		(183,871)	-	(203,107)	-
3500	Treasury Stock	6(19)	(50)	-	-	-
36xx	Non-controlling interests	6(19)	4,494,193	6	3,919,766	7
3xxx	Total equity		38,815,893	53	32,989,098	57
	Total liabilities and equity		$72,633,416	100	$58,386,148	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

			2022		2021 (After restatement)	
Code	Items	Notes	Amount	%	Amount	%
4000	Operating revenues	4, 6(21), 7	$41,626,486	100	$33,336,442	100
5000	Operating costs		(25,758,171)	(62)	(22,582,508)	(68)
5900	Gross profit		15,868,315	38	10,753,934	32
6000	Operating expenses	7				
6100	Sales and marketing		(917,787)	(2)	(923,627)	(3)
6200	General and administrative		(2,499,697)	(6)	(1,955,082)	(6)
6300	Research and development		(2,481,707)	(6)	(2,412,619)	(7)
6450	Expected credit gains (losses)	4, 6(22)	(5,539)	-	(6,831)	-
	Total operating expenses		(5,904,730)	(14)	(5,298,159)	(16)
6900	Operating income		9,963,585	24	5,455,775	16
7000	Non-operating incomes and expenses					
7100	Interest income	6(25)	81,585	-	33,408	-
7010	Other incomes	6(25), 7	186,576	-	202,883	1
7020	Other gains or losses	6(25), 7	196,456	1	(10,846)	-
7050	Finance costs	6(25)	(146,531)	-	(67,934)	-
7060	Share of the profit or loss of associates and joint ventures	6(8)	53,319	-	27,839	-
	Total non-operating incomes and expenses		371,405	1	185,350	1
7900	Income before income tax		10,334,990	25	5,641,125	17
7950	Income tax expense	4, 6(27)	(2,158,404)	(5)	(671,803)	(2)
8000	Profit from continuing operations		8,176,586	20	4,969,322	15
8100	Income (loss) from discontinued operations					
8101	Loss from discontinued operations	4, 12(11)	(243,116)	(1)	(477,214)	(1)
8200	Net income		7,933,470	19	4,492,108	14
8300	Other comprehensive income (loss)	6(26)				
8310	Item that not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		42,519	-	9,757	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		57,556	-	(32,403)	-
8370	Share of the other comprehensive income (loss) of associates and joint ventures		2,799	-	(1,623)	-
	Total other comprehensive income (loss), net of tax		102,874	-	(24,269)	-
8500	Total comprehensive income		$8,036,344	19	$4,467,839	14
8600	Net income attributable to:					
8610	Shareholders of the parent					
	Continuing operations		$7,100,781	17	$4,102,363	12
	Discontinued operations		(123,989)	-	(243,379)	-
	Net income attributable to Parent		6,976,792	17	3,858,984	12
8620	Non-controlling interests					
	Continuing operations		1,075,805	2	866,959	3
	Discontinued operations		(119,127)	-	(233,835)	(1)
	Net income attributable to Non-controlling interests		956,678	2	633,124	2
			$7,933,470	19	$4,492,108	14
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		$7,074,480	17	$3,846,649	12
8720	Non-controlling interests		961,864	2	621,190	2
			$8,036,344	19	$4,467,839	14
9750	Earnings per share-basic (in NTD)	6(28)				
9710	Basic earnings per share from continuing operations		$15.74		$9.10	
9720	Basic loss per share from discontinued operations		$(0.27)		$(0.54)	
9850	Earnings per share-diluted (in NTD)	6(28)				
9810	Diluted earnings per share from continuing operations		$15.34		$9.05	
9820	Diluted loss per share from discontinued operations		$(0.27)		$(0.54)	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent										
				Retained Earnings			Others					
		Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit	Treasury Stock	Total	Non-controlling Interests	Total Equity
Code	Items	3100	3200	3310	3320	3350	3410	3490	3500	31XX	36XX	3XXX
A1	Balance as of January 1, 2021	$4,508,625	$6,632,030	$3,647,505	$183,405	$10,882,082	$(181,015)	$(2,837)	$(143)	$25,669,652	$3,519,907	$29,189,559
	Appropriation and distribution of 2020 earnings											
B1	Legal reserve			$53,316		($53,316)				-		-
B3	Special reserve				(2,389)	2,389				-		-
B5	Cash dividends-common shares					(450,847)				(450,847)		(450,847)
D1	Net income for 2021					3,858,984				3,858,984	633,124	4,492,108
D3	Other comprehensive income (loss), net of tax, for 2021					9,757	(22,092)			(12,335)	(11,934)	(24,269)
D5	Total comprehensive income (loss)	-	-	-	-	3,868,741	(22,092)	-	-	3,846,649	621,190	4,467,839
H3	Reorganization		1			(1)				-		-
O1	Non-controlling interests increase (decrease)									-	(221,331)	(221,331)
T1	Employee restricted shares for cancellation and others	(184)	1,020			62		2,837	143	3,878		3,878
Z1	Balance as of December 31, 2021	4,508,441	6,633,051	3,700,821	181,016	14,249,110	(203,107)	-	-	29,069,332	3,919,766	32,989,098
	Appropriation and distribution of 2021 earnings											
B1	Legal reserve			386,880		(386,880)				-		-
B3	Special reserve				22,092	(22,092)				-		-
B5	Cash dividends-common shares					(2,028,798)				(2,028,798)		(2,028,798)
D1	Net income for 2022					6,976,792				6,976,792	956,678	7,933,470
D3	Other comprehensive income (loss), net of tax, for 2022					42,519	55,169			97,688	5,186	102,874
D5	Total comprehensive income (loss)	-	-	-	-	7,019,311	55,169	-	-	7,074,480	961,864	8,036,344
H3	Reorganization		1,435			(1,645)				(210)	(5,554)	(5,764)
M5	Difference between consideration and carrying amount of subsidiaries aquires or disposed		(292)			(2,781)				(3,073)	10,130	7,057
N1	Share-bssed payments		498							498		498
O1	Non-controlling interests increase (decrease)									-	(392,013)	(392,013)
T1	Employee restricted shares for cancellation and others	19,320	226,134					(35,933)	(50)	209,471		209,471
Z1	Balance as of December 31, 2022	$4,527,761	$6,860,826	$4,087,701	$203,108	$18,826,225	$(147,938)	$(35,933)	$(50)	$34,321,700	$4,494,193	$38,815,893

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2022	2021
AAAA	Cash flows from operating activities:		
A00010	Profit from continuing operations before tax	$10,334,990	$5,641,125
A00020	Loss from discontinued operations before tax	(243,116)	(477,214)
A10000	Income before income tax	10,091,874	5,163,911
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation (including right-of-use assets)	5,038,962	4,330,894
A20200	Amortization	68,116	46,518
A20300	Expected credit losses	23,441	6,835
A20400	Net gain of financial assets at fair value through P/L	(3,773)	(1,939)
A20900	Interest expense	183,655	81,133
A21200	Interest income	(83,239)	(34,396)
A21900	Cost of share based payment	49,673	3,836
A22300	Share of profit or loss of associates and joint ventures	(53,319)	(27,839)
A22500	Gain on disposal of property, plant and equipment	(229,399)	(18,739)
A23700	Impairment loss on non-financial assets	40,759	32,785
A29900	Gain on lease modification	(101,434)	(710)
A29900	Gain on government grants	(14,574)	(8,457)
A29900	Loss from fire	2,526	-
A30000	Changes in operating assets and liabilities:		
A31110	Financial assets at fair value through P/L	(598,698)	979,922
A31130	Notes receivable	(7,000)	(3,018)
A31150	Accounts receivable	588,281	(1,277,678)
A31160	Accounts receivable - related parties	23,387	(1,449)
A31180	Other receivables	(187,330)	(265,847)
A31190	Other receivables - related parties	367	3,747
A31200	Inventories	(14,999)	(576,927)
A31230	Prepayments	(211,244)	(319,975)
A31240	Other current assets	(8,767)	(84,586)
A32125	Contract liabilities	1,699,955	(50,381)
A32130	Notes payable	(4,306)	(17,784)
A32150	Accounts payable	(738,127)	528,072
A32180	Other payables	1,134,532	1,497,003
A32230	Other current liabilities	(29,392)	827,790
A32240	Net defined benefit liability	(4,239)	(4,350)
A32990	Refund liability	364,673	(25,409)
A33000	Cash generated from (used in) operations	17,020,361	10,782,962
A33100	Interest received	70,948	34,986
A33300	Interest paid	(151,377)	(65,126)
A33500	Income tax paid	(978,976)	(178,391)
AAAA	Net cash provided by (used in) operating activities	15,960,956	10,574,431

Code	Items	2022	2021
BBBB	Cash flows from investing activities:		
B00040	Decrease (increase) in financial assets measured at amortized cost	-	447,110
B02700	Acquisition of property, plant and equipment	(17,093,642)	(13,383,710)
B02800	Proceeds from disposal of property, plant and equipment	496,477	60,079
B03800	Decrease (increase) in refundable deposits	2,990	29,116
B04500	Acquisition of intangible assets	(84,096)	(47,652)
B09900	Proceeds from right-of-use assets	143,540	-
BBBB	Net cash provided by (used in) investing activities	(16,534,731)	(12,895,057)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	(723,226)	(1,540,461)
C01600	Increase in long-term loans	3,551,153	7,663,644
C01700	Repayments of long-term loans	(1,648,515)	(1,148,482)
C03000	Increase (decrease) in deposits received	3,063,848	1,747,172
C04020	Cash payments for the principal portion of the lease liability	(117,882)	(50,176)
C04500	Cash dividends paid	(2,028,798)	(450,847)
C04600	Proceeds from issuing shares	165,379	-
C05800	Increase (decrease) in non-controlling interests	(392,013)	(221,331)
CCCC	Net cash provided by (used in) financing activities	1,869,946	5,999,519
DDDD	Effect of exchange rate changes	56,000	(11,798)
EEEE	Increase (decrease) in cash and cash equivalents	1,352,171	3,667,095
E00100	Cash and cash equivalents at beginning of period	15,332,027	11,664,932
E00200	Cash and cash equivalents at end of period	$16,684,198	$15,332,027

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

1. HISTORY AND ORGANIZATION

Kinsus Interconnect Technology Corp. (referred to "the Company") was established on September 11, 2000. Its main business activities include the manufacture of electronic products, the whole-sale and retail-sale of electronic materials, and the consultation services of business operation and management. The Company's stocks have been governmentally approved on May 20, 2004 to be listed and traded in Taiwan Stock Exchange starting November 1, 2004. The registered business premise and main operation address is at No. 1245, Chung Hua Rd., Hsinwu District, Taoyuan City, Taiwan 32747.

Pegatron Corporation is the ultimate controller of the Group to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors'meeting held on February 13, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2022. The new standards and amendments had no material impact on the Group.

(2)Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

(A) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(B) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(C) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual period beginning on or after January 1, 2023. The Group assesses all standards and interpretations have no material impact on the Group.

(3)Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

(A) IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(B) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(D) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(E) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) Exposure, or rights, to variable returns from its involvement with the investee, and
(c) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the NCIs even if this results in a deficit balance of the NCIs.

If the Company loses control of a subsidiary, it:

(a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) Derecognizes the carrying amount of any non-controlling interest;
(c) Recognizes the fair value of the consideration received;
(d) Recognizes the fair value of any investment retained;
(e) Recognizes any surplus or deficit in profit or loss; and
(f) Reclassifies the parent's share of components previously recognized in othercomprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of Ownership (%), As of December 31,	
Investor	Subsidiary	Main business	2022	2021
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%

Investor	Subsidiary	Main business	Percentage of Ownership (%), As of December 31, 2022	2021
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	30.33% (Note)	30.33% (Note)
KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)	100.00%	100.00%
KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high-density fine-line)	-% (Note 3)	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical equipment	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION (JIANGSU) LIMITED	Producing and Selling medical equipment	100.00%	100.00%

Investor	Subsidiary	Main business	Percentage of Ownership (%), As of December 31, 2022	2021
PEGAVISION CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	-% (Note 1)	100.00%
PEGAVISION CORPORATION	MAYIN INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	Selling medical equipment	100.00%	100.00%
MAYIN INVESTMENT CO., LTD.	BEAUTYTECH PLATFORM CORPORATION	Selling medical equipment and cosmetic products	85.00% (Note 2)	100.00%
MAYIN INVESTMENT CO., LTD.	FACIALBEAU INTERNATIONAL CORPORATION	Selling medical equipment and cosmetic products	55.00%	55.00%
BEAUTYTECH PLATFORM CORPORATION	AQUAMAX VISION CORPORATION	Selling medical equipment and cosmetic products	-% (Note 1)	100.00%
BEAUTYTECH PLATFORM CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00% (Note 1)	Not applicable

			Percentage of Ownership (%), As of December 31,	
Investor	Subsidiary	Main business	2022	2021
BEAUTYTECH PLATFORM CORPORATION	BEAUTYTECH PLATFORM (SHANGHAI) CORPORATION	Selling medical equipment and cosmetic products	100.00% (Note 1)	Not applicable
BEAUTYTECH PLATFORM CORPORATION	BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	Selling medical equipment and cosmetic products	100.00% (Note 1)	Not applicable
FACIALBEAU INTERNATIONAL CORPORATION	PEGAVISION (JIANGSU) LIMITED	Selling medical equipment and cosmetic products	100.00% (Note 1)	Not applicable
FACIALBEAU INTERNATIONAL CORPORATION	IKIDO INC.	Selling medical equipment and cosmetic products	100.00% (Note 1)	Not applicable
FACIALBEAU INTERNATIONAL CORPORATION	RODNA CO., LTD.	Selling medical equipment and cosmetic products	100.00% (Note 1)	Not applicable
FACIALBEAU INTERNATIONAL CORPORATION	AQUAMAX VISION CORPORATION	Selling medical equipment and cosmetic products	100.00% (Note 1)	Not applicable

Note: The Group had 30.33% ownership of Pegavision Corporation as of December 31, 2022 and 2021. However the Group possesses control over the entity as it has been the single largest shareholder since the Group invested in Pegavision Corporation. The Group and the parent company hold more than 45% of voting right while the remaining equity is individually held by numerous shareholders without contractual rights. The Group therefore has control over the entity.

Note 1: To improve the synergy of the Group, the board of directors decided to reorganize and set up the Subsidiaries at July 26, 2021:

(a)BeautyTech Platform (Shanghai) Corporation which is 100% held by BeautyTech Platform Corporation was registered at January 24, 2022.
(b)BeautyTech Platform (Singapore) Pte. Ltd. which is 100% held by BeautyTech Platform Corporation was registered at August 30, 2022.
(c)FacialBeau (Jiangsu) Corporation which is 100% held by FacialBeau International Corporation was registered at February 25, 2022. The investment amount has not been remitted as at December 31, 2022.
(d)The equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from Pegavision Corporation.
(e)IKIDO Inc. which is 100% held by FacialBeau International Corporation was registered at March 14, 2022, the investment amount has not been remitted as at December 31, 2022.
(f)RODNA Co., Ltd. which is 100% held by FacialBeau International Corporation was registered at June 23, 2022.
(g)The equity of Aquamax Vision Corporation was transferred to FacialBeau International Corporation from BeautyTech Platform Corporation.

Note2: To improve the synergy of the Group, the board of directors of BeautyTech Platform Corporation decided to reorganize and issue new shares at August 26, 2022. BeautyTech Platform Corporation issued new shares on September 26, 2022 and retained 15% of the new shares for employee. The ownership interest in BeautyTech Platform Corporation of Mayin Investment Co., Ltd. was reduced to 85%.

Note3: Xiang-Shou (Suzhou) Trading Limited has completed the cancellation of registration in July 2022.

(4) Foreign currency transactions

The Group’s consolidated financial statements are presented in New Taiwan Dollar, which is the parent company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are retranslated at the prevailing functional currency closing rate of exchange; non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; and non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Foreign currency transactions and translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the NCIs in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. The Group’s business model for managing the financial assets and
B. The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

B. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

   (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, at initial recognition, the Group make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Amounts presented in other comprehensive income are not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and should recorded as financial assets measured at fair value through other comprehensive income on balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. The time value of money; and
C. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

A. It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. It eliminates or significantly reduces a measurement or recognition inconsistency; or
B. A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost or net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials - At actual purchase cost, using weighted average method
Finished goods and work in progress - Including cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, using weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(11) Discontinued operations

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

(12) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 “Property, plant and equipment”. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	10 to 25 years
Machinery	2 to 10 years
Vehicle	2 to 6 years
Office equipment	2 to 6 years
Other equipment	1 to 25 years

An item of property, plant and equipment or any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(14) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discount using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses it's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(c) amounts expected to be payable by the lessee under residual value guarantees;
(d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements’ comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, not meeting the recognition criteria, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

The Group’s accounting policies for intangible assets are as follows:

	Cost of Computer Software
Useful economic life	1 to 5 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 “Impairment of Assets” may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group would conduct impairment tests at individual or CGU level. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. An asset’s recoverable amount is the higher of an asset’s net fair value or its value in use.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

Impairment loss or reversals of continuing operations are recognized in profit or loss.

(17) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(18) Revenue recognition

The Group’s revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Group’s types of revenue are explained as follow:

Sale of goods

The Group mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is substrate and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Group's sale of goods is from 30 to 90 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The period between the time when the Group transfers the goods to customers and when the customers pay for that goods is usually short and have no significant financing component to the contract. In the case that the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(19) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(21) Post-employment benefits

All regular employees of Kinsus and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with Kinsus and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, Kinsus and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(22) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(23) Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings of the Company and its subsidiaries is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss);

(b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, any unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed and recognized at each reporting date.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(1) Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

A. De facto control without a majority of the voting rights in subsidiaries

The Company does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

A. Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Accounts receivables - estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

C. Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

D. Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level.

E. Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

F. Revenue recognition - sale returns and allowances

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

G. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Cash and petty cash	$4,580	$4,585
Checkings and savings	4,617,735	5,488,132
Time deposit	12,061,883	9,839,310
Total	$16,684,198	$15,332,027

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

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Mandatorily measured at fair value through profit or loss:		
Money market fund	$1,190,266	$591,278
Valuation adjustment	28,285	24,802
Total	$1,218,551	$616,080
Current	$1,218,551	$616,080
Non-current	$-	$-

No financial asset at fair value through profit or loss was pledged as collateral.

(3)Financial assets measured at amortized cost

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Time deposit	$20,057	$20,057
Current	$20,057	$20,057
Non-current	$-	$-

The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

No financial asset measured at amortized cost was pledged as collateral.

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

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Equity instruments investments measured at fair value through other comprehensive income – Non-current:		
Unlisted company stocks	$51,000	$51,000

No financial assets at fair value through other comprehensive income was pledged by the Group as collateral.

(5)Notes receivable

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Notes receivable arising from operating activities	$11,200	$4,200
Less: loss allowance	-	-
Total	$11,200	$4,200

Notes receivable were not pledged.

The Group follows the requirement of IFRS9 to assess the impairment. Please refer to Note 6(22) for more details on loss allowance and Note 12 for details on credit risk.

(6)Accounts receivable and accounts receivable - related parties, net

A. Accounts receivable, net

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Accounts receivable, gross	$5,086,567	$5,674,848
Less: allowance against doubtful accounts	(50,886)	(26,844)
Net of allowances	5,035,681	5,648,004
Accounts receivable - related parties, gross	2,924	26,311
Less: allowance against doubtful accounts	-	-
Net of allowances	2,924	26,311
Total accounts receivable, net	$5,038,605	$5,674,315

B. Accounts receivable were not pledged.

C. The Group entered into factoring agreements with banks. Accounts receivables from selected customers are transferred to banks without recourse. Details of the agreed credit limits and accounts receivables transferred were as follows:

	Financial Institution	Accounts receivable de-recognized (NT$'000)	Interest Rate	Advance received (NT$'000)	Collateral	Credit Limit
12/31/2022	Mega International Commercial Bank - LanYa Branch	$568,040	-	$-	None	Note
12/31/2021	Mega International Commercial Bank - LanYa Branch	$602,015	0.47%~0.50%	$244,368	None	Note

Note: The credit limits were US$30,000 thousand as of December 31, 2022 and 2021.

D. Accounts receivable are generally on 30-90 day terms. The total carrying amount for the years ended December 31, 2022 and 2021, are NT$5,089,491 thousand and NT$5,701,159 thousand, respectively. Please refer to Note 6 (22) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(7)Inventories

A. Details of inventory:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Raw material	$571,272	$771,833
Supplies	71,742	70,474
Work in process	1,711,633	1,904,882
Finished goods	1,075,506	648,488
Merchandises	50,790	70,267
Total	$3,480,943	$3,465,944

B. For the years ended December 31, 2022 and 2021, the Group recognized amount under the caption of costs of sale:

	For the year ended December 31,	
Item	2022 (NT$'000)	2021 (NT$'000)
Continuing operations	$25,758,171	$22,582,508
Discontinued operations	971,327	2,564,410
Total	$26,729,498	$25,146,918

The Group recognized which loss for market price decline, and obsolete and slow-moving inventories, loss from inventory scrapped and loss from inventory physical taking as below:

Item	For the year ended December 31, 2022 (NT$'000)	2021 (NT$'000)
Continuing operations	$3,979,839	$3,128,884
Discontinued operations	82,382	386,526
Total	$4,062,221	$3,515,410

C. The inventories were not pledged.

(8) Investments accounted for under the equity method

Investee	As of December 31, 2022 Carrying amount (NT$'000)	2022 Percentage of ownership (%)	2021 Carrying amount (NT$'000)	2021 Percentage of ownership (%)
Investment in associates:				
FuYang Technology Corp.	$381,123	35.65%	$325,005	35.65%

A. The Company invested cash in FuYang Technology Corp. during May 2016 for interest ownership of 36%. The investment is accounted for as an investment in associates due to the Company's ability to exercise its significant influence.

In May 2017, the Company participated in FuYang's cash offering by disproportionately investing NT$479,422 thousand for 19,176,872 shares of FuYang and, therefore, recognized a capital surplus amounting to NT$7,484 thousand. As a result of the offering, the Company's share interest on FuYang decreased to 35.65%.

B. Investments in associates

As of December 31, 2022 and 2021, the aggregate carrying amount of the Group's interests in FuYang Technology Corp. is NT$381,123 thousand and NT$325,005 thousand. The aggregate financial information based on Group's share of FuYang Technology Corp. is as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Profit or loss from continuing operations	$53,319	$27,839
Other comprehensive income (post-tax)	2,799	(1,623)
Total comprehensive income	$56,118	$26,216

There were no contingent liabilities or capital commitments with respect to the investment in the associate as of December 31, 2022 and 2021. Nor any of the Group's share interest on FuYang was pledged as collateral.

C. The Group's investment accounted for under equity method as of December 31, 2022 and 2021 amounted to NT$381,123 thousand and NT$325,005 thousand while the related investment income/loss and joint venture income were NT$53,319 thousand and NT$27,839 thousand for the year ended December 31, 2022 and 2021, respectively. And other comprehensive income were NT$2,799 thousand and NT$(1,623) thousand for the year ended December 31, 2022 and 2021, respectively. They were measured based on the audited financial statements of the investee for the same correspondent periods.

D. No investment accounted for under equity method was pledged as collateral as of December 31, 2022 and 2021.

(9) Property, plant and equipment

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Owner occupied property, plant and equipment	$31,552,538	$24,413,455

A.Property, plant and equipment

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Vehicle (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepayment for equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2022	$6,110,463	$10,079,610	$30,695,673	$277,175	$23,301	$8,083,031	$8,011,113	$63,280,366
Addition	-	(2,483)	(3,586)	946	-	161,143	17,184,346	17,340,366
Disposals	-	-	(4,075,056)	(25,867)	-	(545,952)	-	(4,646,875)
Effect of EX rate	-	188,716	313,610	2,115	181	52,492	5,818	562,932
Reclassification	196,960	285,969	7,164,533	69,689	6,325	332,397	(8,055,873)	-
Loss from Fire	-	(63,680)	-	-	-	(20,955)	-	(84,635)
As of 12/31/2022	$6,307,423	$10,488,132	$34,095,174	$324,058	$29,807	$8,062,156	$17,145,404	$76,452,154
As of 1/1/2021	$2,979,392	$8,639,244	$26,982,667	$259,713	$20,043	$7,684,122	$2,597,912	$49,163,093
Addition	(1,563)	(631)	6,260	983	-	188,604	14,993,459	15,187,112
Disposals	-	-	(597,025)	(2,065)	-	(277,206)	-	(876,296)
Effect of EX rate	-	(51,887)	(122,179)	(805)	(67)	(17,642)	(963)	(193,543)
Reclassification	3,132,634	1,492,884	4,425,950	19,349	3,325	505,153	(9,579,295)	-
As of 12/31/2021	$6,110,463	$10,079,610	$30,695,673	$277,175	$23,301	$8,083,031	$8,011,113	$63,280,366
Depreciation and impairment:								
As of 1/1/2022	$-	$3,510,712	$22,709,441	$236,568	$17,449	$5,721,728	$-	$32,195,898
Depreciation	-	512,959	3,553,960	37,386	2,310	810,356	-	4,916,971
Impairment loss	-	9,798	-	1,145	-	28,127	-	39,070
Disposal	-	-	(3,973,378)	(18,596)	-	(544,834)	-	(4,536,808)
Effect of EX rate	-	113,893	297,121	1,823	157	44,289	-	457,283
Reclassification	-	97,087	-	-	-	(97,087)	-	-
Loss from Fire	-	(4,203)	-	-	-	(5,105)	-	(9,308)
As of 12/31/2022	$-	$4,240,246	$22,587,144	$258,326	$19,916	$5,957,474	$-	$33,063,106

	Land (NT$'000)	Buildings (NT$'000)	Machinery (NT$'000)	Office Equipment (NT$'000)	Vehicle (NT$'000)	Other Equipment (NT$'000)	Construction in progress and equipment awaiting inspection (including prepayment for equipment) (NT$'000)	Total (NT$'000)
As of 1/1/2021	$-	$3,085,988	$20,478,512	$211,312	$15,629	$5,094,500	$-	$28,885,941
Depreciation	-	438,424	2,890,297	28,026	1,874	912,861	-	4,271,482
Impairment loss	-	15,200	16,717	-	-	868	-	32,785
Disposal	-	-	(561,608)	(2,065)	-	(271,283)	-	(834,956)
Effect of EX rate	-	(28,900)	(114,476)	(705)	(54)	(15,219)	-	(159,354)
Reclassification	-	-	(1)	-	-	1	-	-
As of 12/31/2021	$-	$3,510,712	$22,709,441	$236,568	$17,449	$5,721,728	$-	$32,195,898
Net carrying amount:								
As of 12/31/2022	$6,307,423	$6,247,886	$11,508,030	$65,732	$9,891	$2,104,682	$17,145,404	$43,389,048
As of 12/31/2021	$6,110,463	$6,568,898	$7,986,232	$40,607	$5,852	$2,361,303	$8,011,113	$31,084,468

B. "Significant components" of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic life of 20 to 25 years and 3 to 20 years.

C. Details of property, plant & equipment and prepayment for machinery is as follows:

	As of December 31, 2022 (NT$'000)	2021 (NT$'000)
Property, plant and equipment	$31,552,538	$24,413,455
Prepayment for equipment	11,836,510	6,671,013
Total	$43,389,048	$31,084,468

D. The Group recognized an impairment loss amounting to NT$39,070 thousand on certain real estate to an extent of the recoverable value in 2022. The Group recognized an impairment loss amounting to NT$32,785 thousand on certain real estate to an extent of the recoverable value in 2021. These impairment loss or gain from recovery has been recorded in the Group's statements of comprehensive incomes. The recoverable value is measured at usage values by the identified individual asset.

E. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.

F. The Company purchased 40 parcels of land with a total area of 36,115.24 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443,1479,1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, the agricultural land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.

G. The Group leased a factory area to FuYang Technology Corp. where a fire occurred on October 11, 2020. For the year ended December 31, 2022, the Group recognized property, plant and equipment - loss from fire in the amount of NT$75,327 thousand, and the loss caused by the subsequent restoration of the plant was NT$84,210 thousand. In 2022, the compensation of damage to buildings and equipment amounted to NT$157,011 thousand, and the net loss from the abovementioned fire damage was NT$2,526 thousand, which was booked under other profits and losses - loss from fire. Please refer to note 10 for details.

(10) Intangible assets

	Computer software (NT$'000)
Cost:	
As of 1/1/2022	$73,453
Additions – acquired separately	84,096
Derecognized upon retirement	(65,724)
Reclassification	-
Effect of exchange rate changes	936
As of 12/31/2022	$92,761
As of 1/1/2021	$64,197
Additions – acquired separately	47,652
Derecognized upon retirement	(38,272)
Reclassification	-
Effect of exchange rate changes	(124)
As of 12/31/2021	$73,453

	Computer software (NT$'000)
Amortization and Impairment:	
As of 1/1/2022	$40,235
Amortization	68,116
Impairment loss	1,689
Derecognized upon retirement	(65,724)
Reclassification	-
Effect of exchange rate changes	422
As of 12/31/2022	$44,738
As of 1/1/2021	$32,092
Amortization	46,518
Derecognized upon retirement	(38,272)
Reclassification	-
Effect of exchange rate changes	(103)
As of 12/31/2021	$40,235
Carrying amount, net:	
As of 12/31/2022	$48,023
As of 12/31/2021	$33,218

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Cost of goods sold	$350	$245
Selling	574	771
General and administrative	66,001	44,628
Research and development	1,191	874
Total	$68,116	$46,518

(11) Other non-current assets

	As of December 31, 2022 (NT$'000)	As of December 31, 2021 (NT$'000)
Refundable deposits	$88,815	$91,805
Net defined benefit assets	30,499	-
Total	$119,314	$91,805

(12) Short-term loans

	Interest interval (%)	As of December 31, 2022 (NT$'000)	As of December 31, 2021 (NT$'000)
Unsecured bank loans	3.04%~5.94%	$376,620	$1,099,846

As of December 31, 2022 and 2021, the line of unused short-term loan credit for the Group amounted to NT$18,055,794 thousand and NT$7,803,953 thousand, respectively.

(13) Other payable

	As of December 31, 2022 (NT$'000)	As of December 31, 2021 (NT$'000)
Accrued expense	$5,367,887	$4,229,993
Equipment payable	3,247,631	3,000,907
Accrued interest	9,344	3,372
Total	$8,624,862	$7,234,272

(14)Other current liabilities

	As of December 31,	
	2022 (NT$’000)	2021 (NT$’000)
Other current liabilities	$160,751	$189,715
Current portion of long-term loans	1,305,487	690,838
Fund collected for purchase of equipment on behalf of others (Note)	-	742,562
Deferred revenue	15,283	11,028
Total	$1,481,521	$1,634,143

Note: It refers fund collected for purchase equipment on behalf of customer who commissioned the Company to acquire equipment for it.

(15)Refund liability

	As of December 31,	
	2022 (NT$’000)	2021 (NT$’000)
Refund liability	$545,781	$181,108

(16)Long-term loans

Details of long-term loans were as follows:

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2022 (NT$'000)	Repayment
Mega International Commercial Bank – LanYa Branch	Credit loan	2026.12.15-2036.06.28	$4,694,705	Notes 1, 2, 5, 10, 11 and 20
Mega International Commercial Bank – LanYa Branch	Secured loan	2026.09.15	4,946	Note 16
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2026.12.31-2029.07.15	2,422,614	Notes 3, 7, 12, 19 and 21
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	48,270	Note 17
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2027.08.15-2029.06.15	1,735,418	Notes 5 and 14
Chang Hwa Commercial Bank – BeiTou Branch	Secured loan	2042.06.21	219,000	Note 13
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04-2029.06.15	2,950,548	Notes 4, 6, 9 and 22
Total			12,075,501	
Less: current portion			(1,305,487)	
Non-current portion			$10,770,014	

Debtor	Type of Loan	Maturity	Loan Balance As of 12/31/2021 (NT$'000)	Repayment
Mega International Commercial Bank – LanYa Branch	Credit loan	2026.12.31-2036.06.28	$5,257,804	Notes 1, 2, 5, 10, 11 and 15
Mega International Commercial Bank – LanYa Branch	Secured loan	2026.09.15	4,922	Note 16
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2025.12.18-2028.11.15	2,267,055	Notes 3, 7, 8, 12 and 19
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	49,079	Note 17
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2025.03.15-2027.08.15	548,912	Notes 5 and 18
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04-2026.12.31	1,950,339	Notes 4, 6 and 9
Total			10,078,111	
Less: current portion			(690,838)	
Non-current portion			$9,387,273	

Note 1: A term is defined as every month starting from the initial draw-down date. Grace period is 13 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 2: Grace period is 3 years from the initial draw-down date. A term is defined as every month since the forth year. The principal and interest are repayable in installments of equal amount for 48 terms.

Note 3: A term is defined as every month starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 84 terms.

Note 4: The principal and interest are repayable in installments of equal amount for 59 terms.

Note 5: Grace period is 3 years from the initial draw-down date. A term is defined as every month since the forth year. The principal and interest are repayable in installments of equal amount for 48 terms.

Note 6: Grace period is 2 years from the initial draw-down date. A term is defined as every month since the third year. The principal and interest are repayable in installments of equal amount for 60 terms.

Note 7: Loan period is 7 years. Grace period is 2 year. Interest shall be paid monthly with principal repaid every months (84 terms). The rest is repayable in installments of equal amount for 60 terms.

Note 8: Loan period is 7 years. Grace period is 2 year. Interest shall be paid monthly with principal repaid every 3 months (84 terms). The rest is repayable in installments of equal amount for 20 terms.

Note 9: A term is defined as every month starting from the initial draw-down date. Grace period is 11 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 60 terms.

Note 10: A term is defined as every month starting from the initial draw-down date. Grace period is 21 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 11: A term is defined as every month starting from the initial draw-down date. Grace period is 22 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 12: A term is defined as every 3 months starting from the initial draw-down date. Loan period is 5 years. Grace period is 1 year (4 terms). Interest shall be paid monthly with principal repaid every 3 months. The rest is repayable in installments of equal amount for 16 terms.

Note 13: A term is defined as every month starting from the initial draw-down date. Grace period is 3 year (36 terms). The rest is repayable in installments of equal amount for 204 terms.

Note 14: Loan period is 7 years. Grace period is 3 year. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount.

Note 15: Grace period is 3 years from the initial draw-down date. A term is defined as every 3 months since the forth year. The principal and interest are repayable in installments of equal amount for 16 terms.

Note 16: Grace period is 2 years from the initial draw-down date. A term is defined as every month since the third year. The principal and interest are repayable in installments of equal amount for 36 terms.

Note 17: A term is defined as every month starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 96 terms.

Note 18: A term is defined as every month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 24 terms.

Note 19: A term is defined as every 3 months starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 16 terms.

Note 20: Grace period is 3 years from the initial draw-down date. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 21: Loan period is 7 years. Grace period is 1 year. Interest shall be paid monthly with principal repaid every months (84 terms). The rest is repayable in installments of equal amount for 72 terms.

Note 22: Grace period is 2 year. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 60 terms.

A. Please refer to Note 8 for details on assets pledged as collaterals.

B. As of December 31, 2022 and 2021, the interest rate intervals for long-term loans were 0.58% ~5.74% and 0.4%~1.21%.

The Group obtained from the Ministry of Economy a low-interest government loan amounting NT$8,960,000 thousands with a term of 5~10 years and annual interest rates of 0.6~1.125% and monthly interest payment on the 15th of each month. The loan was recorded under the caption of other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group satisfy all the terms of the government grant agreement.

(17)Other non-current liabilities

(a) Details of other non-current liabilities were as follows:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Net defined benefit liability	$-	$16,259
Deposits received	4,884,255	1,820,407
Deferred revenue	79,879	55,289
Total	$4,964,134	$1,891,955

(b) The details of the deferred government grants income for the year ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022 (NT$'000)	For the year ended December 31, 2021 (NT$'000)
Beginning balance	$66,317	$30,512
Received during the period	43,419	44,262
Released to the statement of comprehensive income	(14,574)	(8,457)
Ending Balance	$95,162	$66,317
Current	$15,283	$11,028
Non-current	$79,879	$55,289

(c) Please refer to Note 6(16) for details on interest rate of deferred government grants income.

(18)Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$194,934 thousand and NT$180,726 thousand, respectively.

Pension expenses for the years ended December 31, 2022 and 2021 were NT$1 thousand and NT$9 thousand, respectively.

Defined benefits plan

Kinsus and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, Kinsus and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$4,372 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

As of December 31, 2022 and 2021, the maturities of Kinsus' defined benefit plan are in 2037 and 2037.

Pension costs recognized in profit or loss were as follows.

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Current period service costs	$-	$-
Net interest of defined benefit liability (asset)	133	130
Previous period service costs	-	-
Settlement	-	-
Total	$133	$130

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	As of		
	12/31/2022 (NT$'000)	12/31/2021 (NT$'000)	01/01/2021 (NT$'000)
Defined benefit obligation	$120,028	$152,441	$159,753
Plan assets at fair value	(150,527)	(136,182)	(129,387)
Other non-current liabilities – net defined benefit liability	$(30,499)	$16,259	$30,366

Reconciliation of liability (asset) of the defined benefit liability is as follows:

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability (asset) (NT$'000)
1/1/2021	$159,753	$(129,387)	$30,366
Current service cost	-	-	-
Interest cost	687	(557)	130
Past service cost and settlement	-	-	-
Total	687	(557)	130
Re-measurement on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	1,350	-	1,350

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability (asset) (NT$'000)
Actuarial gain/loss due to change in financial assumptions	(10,410)	-	(10,410)
Experience gain/loss	1,061	(1,758)	(697)
Re-measurement on defined benefit assets	-	-	-
Total	(7,999)	(1,758)	(9,757)
Benefits paid	-	-	-
Contributions by employer	-	(4,480)	(4,480)
Effect of exchange rate	-	-	-
12/31/2021	152,441	(136,182)	16,259
Current service cost	-	-	-
Interest cost (revenue)	1,250	(1,117)	133
Pasts service cost and settlement	-	-	-
Total	1,250	(1,117)	133
Re-measurement on defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	8	-	8
Actuarial gain/loss due to change in financial assumptions	(12,176)	-	(12,176)
Experience gain/loss	(20,427)	(9,924)	(30,351)
Re-measurement on defined benefit assets	-	-	-
Total	(32,595)	(9,924)	(42,519)
Benefits paid	(1,068)	1,068	-
Contributions by employer	-	(4,372)	(4,372)
Effect of exchange rate	-	-	-
12/31/2022	$120,028	$(150,527)	$(30,499)

The actuarial assumptions used for the Company's defined benefit plan are shown below.

	As of December 31,	
	2022	2021
Discount rate	1.44%	0.82%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis

	For the year ended December 31,			
	2022 (NT$'000)		2021 (NT$'000)	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increased by 0.5%	$-	$(8,851)	$-	$(12,327)
Discount rate decreased by 0.5%	9,710	-	13,613	-
Expected salary level increased by 0.5%	9,507	-	13,243	-
Expected salary level decreased by 0.5%	-	(8,764)	-	(12,135)

For the purpose of sensitivity analysis above, the Company calculated the impact on defined benefit obligation due to a reasonable and feasible change of one single assumption (i.e. discount rate or expected salary level) with other assumptions remaining equal. Please note that the sensitivity analysis has its limitation due to the co-relation between different actuarial assumptions and the rarity that only one assumption changes at a time.

The method used in the analysis is consistent for both current and prior years.

(19)Equity

A. Common stock

As of December 31, 2022 and 2021, the Company's authorized capital were both NT$6,000,000 thousand, each share at par value of NT$10, divided into 600,000 thousand shares. As of December 31, 2022 and 2021, the Company's paid-in capital were NT$4,527,761 thousand and NT$4,508,441 thousand, respectively, divided into 452,776 thousand shares and 450,844 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

On January 29, 2021, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$151 thousand. The measurement date was at February 1, 2021.

On April 26, 2021, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT$33 thousand. The measurement date was at April 28, 2021.

On February 15, 2022 and May 27, 2022, the Company's board of directors and shareholders' meetings resolved to increase the capital through an issuance of new 5,400,000 shares of restricted stock for employees. The application has been governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1110347163 issued on June 23, 2022. The Company's board of directors resolved the measurement date was on August 19, 2022. The issue price per share is NT$85.6, and issued 1,932 thousand shares.

B. Capital surplus

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Additional paid-in capital	$6,116,351	$6,036,311
Differences between purchase price and carrying amount arising from acquisition or disposal of subsidiaries	52,567	50,925
All changes in interests in subsidiaries	529,959	529,959
Change in joint ventures accounted for using equity method	7,484	7,484
Changes in equity of investment accounted for using equity method	-	1
Shared-Based Payment	8,371	8,371
Restricted stocks for employees	146,094	-
Total	$6,860,826	$6,633,051

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Treasury stock

Treasury stock amounted to NT$50 thousand and NT$0, respectively, divided into 5 thousand shares, and 0 share, respectively, as of December 31, 2022 and 2021.

The movement schedule of treasury stock for the years ended December 31, 2022 and 2021 was as below (in thousand shares).

Purpose of repurchase	Beginning balance	Addition	Decrease	Ending balance
For the years ended December 31, 2022				
Recover failed restricted stocks	0	5	0	5
For the years ended December 31, 2021				
Recover failed restricted stocks	14	4	18	0

According to the Securities and Exchange Act of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of December 31, 2022 were 45,278 thousand shares, with the maximum payments of NT$29,030,277 thousand.

In compliance with Securities and Exchange Act of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends.

D. Appropriation of earnings and dividend policies

(a) Earning distribution

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount as legal reserve. This restriction shall not apply when the statutory surplus reserve has reached the paid-in capital of the company.
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the Company's dividends are distributed to shareholders or all or part of statutory surplus reserve and capital reserve in whole may be paid in cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting.

(b) Dividend policies

The Company is in an industry with versatile environment. For long-term finance planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholder extra dividend each year cannot be less than 10% of distributed surplus earnings and cash dividends distributed each year cannot be less than 10% of the gross amount of dividends.

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

(e) The appropriations of earnings for the Year 2022 and 2021 were approved through the Board of Directors’ meetings and shareholders’ meetings held on February 13, 2023 and May 27, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2022 (NT$’000)	2021 (NT$’000)	2022	2021
Legal reserve	$701,489	$386,880		
Special reserve	(55,169)	22,092		
Cash dividend	2,943,012	2,028,798	$6.50	$4.50
Total	$3,589,332	$2,437,770		

Please refer to Note 6(24) for details on employees' compensation and remuneration to directors and supervisors.

E. Non-controlling interests

	For the years ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Beginning balance	$3,919,766	$3,519,907
Net income attributable to NCIs	956,678	633,124
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	5,186	(11,934)
Non-controlling interests increase/(decrease)	(392,013)	(221,331)
Difference between consideration given / received and carrying amount of interests in subsidiaries acquired / disposed of	10,130	-
Reorganization	(5,554)	-
Ending balance	$4,494,193	$3,919,766

(20)Share-based payment plans

Restricted stocks plan for employees

A. On May 27, 2022, the shareholders' meetings resolved to issue of 5,400 thousand shares of restricted stocks for employees. The grantee is limited to employees who meet certain conditions. The restricted stocks have been approved by the Securities and Futures Bureau. On July 25, 2022, the board of directors resolved to issue 2,063 thousand shares. The measurement date was on August 19, 2022 and total shares issued were 1,932 thousand. The unit market price as of the granted date was NT$130.

The employees who acquire the above shares can subscribe shares at the price of NT$85.6 per shares while the vesting conditions are as below.

i. Employee above level eight

Vesting conditions	Proportion of vested shares
Within 1 month starting the granted date	30%(Uncondition round up to thousand shares)
Within 8 months starting the granted date	20%(Uncondition round up to thousand shares)
Within 13 months starting the granted date	20%(Uncondition round down to thousand shares)
Within 20 months starting the granted date	10%(Uncondition round up to thousand shares)
Within 25 months starting the granted date	10%(Uncondition round up to thousand shares)
Within 32 months starting the granted date	Remaining shares

ii. Employee at level six through level seven

Vesting conditions	Proportion of vested shares
Within 1 month starting the granted date	30%(Uncondition round up to thousand shares)
Within 13 months starting the granted date	50%(Uncondition round down to thousand shares)
Within 25 months starting the granted date	Remaining shares

Restriction on employee’s right after granted but before vested:

(a)The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted stocks before achieving the vesting conditions.

(b)After new shares of restricted stock are issued, the granted employee should immediately commit to the custodian institution, and not to ask the trustee to return the restricted stock in any other reasons or ways before achieving the vesting conditions.

(c)The restricted stock for employees can participate in receiving dividends during the vesting period.

(d)The right to vote and elect in a shareholders’ meeting shall be executed by custodian institution in accordance with related regulations.

On August 19, 2022, the issuance of 1,932 thousand restricted shares for employees resulted in the increase of capital reserve—employee stock option amounting to NT$226,084 thousand. The restricted stocks plan was invalidated as of December 31, 2022 and 5 thousand shares were recalled. As a result, capital reserve increased by NT$50 thousand and the unearned employee compensation was NT$35,933.

B. The expense recognized for employee services received is shown in the following table.

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Total expense arising from equity-settled share-based payment transactions	$47,882	$3,836

C. The Company did not modify the share-based payment plan for the the years ended December 31, 2022 and 2021.

(21)Sales

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Revenue from customer contracts		
Sales of goods	$41,588,787	$35,192,556
Other operating revenue	852,267	480,207
Total	$42,441,054	$35,672,763

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue

	For the year ended December 31, 2022					
	Continuing Operations					
	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Subtotal (NT$'000)	Discontinued operations (NT$'000)	Total (NT$'000)
Sale of goods	$34,450,427	$6,320,970	$2,822	$40,774,219	$814,568	$41,588,787
Other	852,267	-	-	852,267	-	852,267
Total	$35,302,694	$6,320,970	$2,822	$41,626,486	$814,568	$42,441,054
The timing for revenue recognition:						
At a point in time	$35,302,694	$6,320,970	$2,822	$41,626,486	$814,568	$42,441,054

	For the year ended December 31, 2021					
	Continuing Operations					
	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Subtotal (NT$'000)	Discontinued operations (NT$'000)	Total (NT$'000)
Sale of goods	$27,252,822	$5,595,043	$8,370	$32,856,235	$2,336,321	$35,192,556
Other	480,207	-	-	480,207	-	480,207
Total	$27,733,029	$5,595,043	$8,370	$33,336,442	$2,336,321	$35,672,763
The timing for revenue recognition:						
At a point in time	$27,733,029	$5,595,043	$8,370	$33,336,442	$2,336,321	$35,672,763

B. Contract balances

(a) Contract liabilities

	As of		
	12/31/2022 (NT$'000)	12/31/2021 (NT$'000)	01/01/2021 (NT$'000)
Sales of goods	$2,550,873	$98,679	$146,450
Customer loyalty programs	2,994	12,671	15,281
Total	$2,553,867	$111,350	$161,731
Current	$112,683	$111,350	$161,731
Non-Current	2,441,184	-	-
Total	$2,553,867	$111,350	$161,731

The significant changes in the Group's balances of contract liabilities for the the years ended December 31, 2022 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	$(95,155)	$(12,671)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,547,349	2,994

The significant changes in the Group's balances of contract liabilities for the the years ended December 31, 2021 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	$(141,409)	$(15,281)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	93,638	12,671

(22)Expected credit losses/(gains)

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Operating expenses – Expected credit losses/(gains)		
Account receivables (Including discontinued operations amounting to 17,902 thousand)	$23,441	$6,835

Please refer to Note 12 for more details on credit risk.

The Group measured the impairment against the other receivables reclassified from accounts receivable due to factoring agreements mainly based on the expected credit loss for 12 months of the counter-party financial institutions. As of December 31, 2022 and 2021, there were no other receivables past due. Furthermore, the Group assessed the related expected credit loss to be insignificant because the counter-party financial institutions are of good credit condition.

The Group measures the loss allowance of its contract assets and accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2022 and 2021 are as follows:

A. The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows.

As of December 31, 2022

Group 1	Not past due	Past due						
	(Note) (NT$'000)	<=30 days (NT$'000)	31-60 days (NT$'000)	61-90 days (NT$'000)	91-120 days (NT$'000)	>=121 days (NT$'000)	>=365 days (NT$'000)	Total (NT$'000)
Gross carrying amount	$3,935,761	$289,525	$82,055	$31,482	$4,251	$-	$4,282	$4,347,356
Loss ratio	-%	5%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(14,585)	(12,308)	(9,445)	(2,126)	-	(4,282)	(42,746)
Subtotal	3,935,761	274,940	69,747	22,037	2,125	-	-	4,304,610

Group 2	Not past due (Note) (NT$'000)	Past due <=30 days (NT$'000)	31-60 days (NT$'000)	61-90 days (NT$'000)	91-120 days (NT$'000)	>=121 days (NT$'000)	Individual evaluate	Total (NT$'000)
Gross carrying amount	$733,379	$18,027	$-	$-	$-	$-	$1,929	$753,335
Loss ratio	0.82%	1%	0%	0%	0%	0%	100%	
Lifetime expected credit losses	(6,031)	(180)	-	-	-	-	(1,929)	(8,140)
Subtotal	727,348	17,847	-	-	-	-	-	745,195
Carrying amount of accounts receivable	$4,663,109	$292,787	$69,747	$22,037	$2,125	$-	$-	$5,049,805

As of December 31, 2021

Group 1	Not past due (Note) (NT$'000)	Past due <=30 days (NT$'000)	31-60 days (NT$'000)	61-90 days (NT$'000)	91-120 days (NT$'000)	>=121 days (NT$'000)	Individual evaluate	Total (NT$'000)
Gross carrying amount	$4,828,296	$233,421	$1,329	$9	$-	$-	$-	$5,063,055
Loss ratio	-%	5%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(11,671)	(200)	(2)	-	-	-	(11,873)
Subtotal	4,828,296	221,750	1,129	7	-	-	-	5,051,182

Group 2	Not past due (Note) (NT$'000)	Past due <=30 days (NT$'000)	31-60 days (NT$'000)	61-90 days (NT$'000)	91-120 days (NT$'000)	>=121 days (NT$'000)	Individual evaluate	Total (NT$'000)
Gross carrying amount	$633,065	$21	$-	$-	$-	$-	$9,218	$642,304
Loss ratio	0.91%	1%	0%	0%	0%	0%	100%	
Lifetime expected credit losses	(5,752)	(1)	-	-	-	-	(9,218)	(14,971)
Subtotal	627,313	20	-	-	-	-	-	627,333
Carrying amount of accounts receivable	$5,455,609	$221,770	$1,129	$7	$-	$-	$-	$5,678,515

Note: all the Group's note receivables were not past due.

B. The movement in the provision for impairment of notes receivable and accounts receivable during the years ended December 31, 2022 and 2021 are as follows:

	Notes receivable (NT$'000)	Accounts receivable (NT$'000)
Beginning balance as of January 1, 2022	$-	$26,844
Addition/(reversal) for the current period	-	23,441
Effect of exchange rate	-	601
Ending balance as of December 31, 2022	$-	$50,886
Beginning balance as of January 1, 2021	$-	$20,015
Addition/(reversal) for the current period	-	6,835
Effect of exchange rate	-	(6)
Ending balance as of December 31, 2021	$-	$26,844

(23) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment. These leases have terms of between 1 and 50 years. The Group may not allow to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The effect of leases on the Group's consolidated financial position, financial performance and cash flows are as follows:

(a) Amounts recognized in the balance sheet

I. Right-of-use assets

	Land (NT$'000)	Buildings (NT$'000)	Machinery and equipment (NT$'000)	Transportation Equipment (NT$'000)	Total (NT$'000)
Cost:					
As of 1/1/2022	$271,757	$207,324	$-	$-	$479,081
Addition	-	358,479	-	-	358,479
Disposals	(59,851)	(74,547)	-	-	(134,398)
Reclassification	-	-	-	-	-
Effect of EX rate	16,956	967	-	-	17,923
As of 12/31/2022	$228,862	$492,223	$-	$-	$721,085
As of 1/1/2021	$277,004	$164,586	$17,793	$2,490	$461,873
Addition	-	193,709	-	-	193,709
Disposals	-	(150,697)	(17,793)	(2,490)	(170,980)
Reclassification	-	-	-	-	-
Effect of EX rate	(5,247)	(274)	-	-	(5,521)
As of 12/31/2021	$271,757	$207,324	$-	$-	$479,081
Depreciation and impairment:					
As of 1/1/2022	$76,120	$49,666	$-	$-	$125,786
Depreciation	5,107	116,884	-	-	121,991
Disposals	(17,655)	(31,490)	-	-	(49,145)
Reclassification	-	-	-	-	-
Effect of EX rate	(5,000)	220	-	-	5,220
As of 12/31/2022	$68,572	$135,280	$-	$-	$203,852

	Land (NT$'000)	Buildings (NT$'000)	Machinery and equipment (NT$'000)	Transportation Equipment (NT$'000)	Total (NT$'000)
As of 1/1/2021	$72,006	$62,519	$13,776	$1,840	$150,141
Depreciation	5,561	49,780	4,017	54	59,412
Disposals	-	(62,464)	(17,793)	(1,894)	(82,151)
Reclassification	-	-	-	-	-
Effect of EX rate	(1,447)	(169)	-	-	(1,616)
As of 12/31/2021	$76,120	$49,666	$-	$-	$125,786
Net carrying amount:					
As of 12/31/2022	$160,290	$356,943	$-	$-	$517,233
As of 12/31/2021	$195,637	$157,658	$-	$-	$353,295

II. Lease liability

	As of December 31, 2022 (NT$'000)	As of December 31, 2021 (NT$'000)
Lease liabilities	$363,360	$161,503
Current	$132,253	$52,396
Non-current	231,107	109,107
Total	$363,360	$161,503

Please refer to Note 6(25) (D) for the interest on lease liability recognized during the year ended December 31, 2022 and 2021 and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

(b) Income and costs relating to leasing activities

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
The expense relating to short-term leases (rent expense)	$(83,401)	$(145,995)
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of law-value assets)	(1,131)	(702)
Income from subleasing right-of-use assets	516	212

As at December 31, 2022 and 2021, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT$0.

For the year ended December 31, 2022 and 2021, the Group recognized NT$2,411 thousand and NT$5,913 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

(c) Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases amounting to NT$202,414 thousand and NT$196,873 thousand, respectively.

B. Group as a lessor

The Group has entered leases on plants. These leases have terms of between one and three years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Lease income for operating leases		
Income relating to fixed lease payments	$8,243	$10,410

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2022 and 2021 are as follows:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Less than one year	$392	$392
More than one year but less than five years	1,537	2,027
Total	$1,929	$2,419

(24) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function / Nature	For the year ended December 31, 2022 (NT$'000)			For the year ended December 31, 2021 (NT$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	$6,062,949	$2,159,198	$8,222,147	$5,298,481	$1,753,667	$7,052,148
Labor and health insurance	406,446	91,565	498,011	361,465	83,863	445,328
Pension	144,986	50,082	195,068	134,762	46,104	180,866
Other employee benefit	270,752	80,386	351,138	237,853	67,362	305,215
Depreciation	4,575,920	463,042	5,038,962	3,946,930	383,964	4,330,894
Amortization	350	67,766	68,116	245	46,273	46,518

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profitability and following the rule of not lower than 10% and not higher than 1%, the Company incurred the employees' compensation and the remuneration to directors and supervisors, respectively, for the year ended December 31, 2022 and recorded them as employee benefits. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2022 amounted to NT$1,198,514 thousand and NT$69,913 thousand, respectively, and for the year ended December 31, 2021 amounted to NT$528,161 thousand and NT$34,370 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries. The Company's Board has determined the employees' compensation and directors' remuneration, all in cash, to be NT$1,198,514 thousand and NT$69,913 thousand, respectively, in a meeting held on February 13, 2023.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT$528,161 thousand and NT$34,370 thousand, respectively, in a meeting held on February 15, 2021. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2021.

(25) Non-operating incomes and expenses

A. Interest income

	For the year ended December 31,					
	2022 (NT$'000)			2021 (NT$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest income						
Financial assets measured at amortized cost	$81,585	$1,654	$83,239	$33,408	$988	$34,396

B. Other income

	For the year ended December 31,					
	2022 (NT$'000)			2021 (NT$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Government grants	$14,574	$-	$14,574	$8,457	$-	$8,457
Other income – others	172,002	61,607	233,609	194,426	15,301	209,727
Total	$186,576	$61,607	$248,183	$202,883	$15,301	$218,184

C. Other gains and losses

	For the year ended December 31,					
	2022 (NT$'000)			2021 (NT$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Gain (losses) from disposal of property, plant and equipment	$6,377	$223,022	$229,399	$11,655	$7,084	$18,739
Foreign exchange gain (loss), net	239,055	18,568	257,623	194	(15,462)	(15,268)
Gain on lease modification	90	101,344	101,434	710	-	710
Net gain of financial assets at fair value through profit or loss	3,773	-	3,773	1,939	-	1,939
Impairment losses	(40,759)	-	(40,759)	(24,014)	(8,771)	(32,785)
Loss from fire (net)	(2,526)	-	(2,526)	-	-	-
Other losses	(9,554)	(224,941)	(234,495)	(1,330)	(11,946)	(13,276)
Total	$196,456	$117,993	$314,449	$(10,846)	$(29,095)	$(39,941)

D. Finance costs

	For the year ended December 31,					
	2022 (NT$'000)			2021 (NT$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest on bank loans	$142,923	$37,124	$180,047	$66,576	$13,199	$79,775
Interests on lease liabilities	3,608	-	3,608	1,358	-	1,358
Total	$146,531	$37,124	$183,655	$67,934	$13,199	$81,133

(26) Components of other comprehensive income (OCI)

For the year ended December 31, 2022

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	$42,519	$-	$42,519	$-	$42,519
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	57,556	-	57,556	-	57,556
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,799	-	2,799	-	2,799
Total OCI	$102,874	$-	$102,874	$-	$102,874

For the year ended December 31, 2021

	Arising during the period (NT$'000)	Reclassification during the period (NT$'000)	Subtotal (NT$'000)	Income tax benefit (expense) (NT$'000)	OCI, Net of tax (NT$'000)
Not reclassified to profit or loss:					
Actuarial gains or losses on defined benefits plan	$9,757	$-	$9,757	$-	$9,757
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	(32,403)	-	(32,403)	-	(32,403)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,623)	-	(1,623)	-	(1,623)
Total OCI	$(24,269)	$-	$(24,269)	$-	$(24,269)

(27) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	For the year ended December 31,					
	2022 (NT$'000)			2021 (NT$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Current income tax expense (benefit):						
Current income tax expense	$2,159,046	$-	$2,159,046	$710,541	$-	$710,541
Adjustments in respect of current income tax of prior periods	(7,615)	-	(7,615)	(42,129)	-	(42,129)
Deferred tax expense (benefit):						
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	6,973	-	6,973	3,391	-	3,391
Total income tax expense	$2,158,404	$-	$2,158,404	$671,803	$-	$671,803

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,					
	2022 (NT$'000)			2021 (NT$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Accounting profit before tax from continuing operations	$10,334,990	$(243,116)	$10,091,874	$5,641,125	$(477,214)	$5,163,911
Tax payable at the enacted tax rates	$2,335,264	$-	$2,335,264	$1,252,271	$-	$1,252,271
Surtax on Undistributed earnings	98,428	-	98,428	16,343	-	16,343
Tax effect of income tax-exempted	(145,786)	-	(145,786)	(83,019)	-	(83,019)
Tax effect of expenses not deductible for tax purposes	36,422	-	36,422	(23,426)	-	(23,426)
Tax effect of deferred tax assets/liabilities	1,480	-	1,480	(190,288)	-	(190,288)
Reversal of uncertain tax position upon finalization	(7,615)	-	(7,615)	(42,129)	-	(42,129)
Others	(159,789)	-	(159,789)	(257,949)	-	(257,949)
Total income tax expense recognized in profit or loss	$2,158,404	$-	$2,158,404	$671,803	$-	$671,803

C. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as of Jan. 1, 2022 (NT$'000)	Deferred tax income (expense) recognized in P/L (NT$'000)	Exchange adjustment (NT$'000)	Ending balance as of Dec. 31, 2022 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Unrealized loss on inventory valuation	11,557	2,495	-	14,052
Unrealized exchange loss (gain)	(355)	203	-	(152)
Unrealized exchange loss (gain)	1,302	706	-	2,008
Other	601	1,145	(13)	1,733
Investments accounted for using the equity method	(25,661)	(11,522)	-	(37,183)
Deferred tax income/(expense)		$(6,973)	$(13)	
Net deferred tax assets/(liabilities)	$(2,963)			$(9,949)
Reflected in balance sheet as follows:				
Deferred tax assets	$23,053			$27,386
Deferred tax liabilities	$(26,016)			$(37,335)

For the year ended December 31, 2021

	Beginning balance as of Jan. 1, 2021 (NT$'000)	Deferred tax income (expense) recognized in P/L (NT$'000)	Exchange adjustment (NT$'000)	Ending balance as of Dec. 31, 2021 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Unrealized loss on inventory valuation	18,120	(6,563)	-	11,557
Unrealized exchange loss (gain)	(9,488)	9,133	-	(355)
Unrealized exchange loss (gain)	-	1,302	-	1,302
Other	549	123	(71)	601
Investments accounted for using the equity method	(18,275)	(7,386)	-	(25,661)
Deferred tax income/(expense)		$(3,391)	$(71)	
Net deferred tax assets/(liabilities)	$499			$(2,963)
Reflected in balance sheet as follows:				
Deferred tax assets	$28,262			$23,053
Deferred tax liabilities	$(27,763)			$(26,016)

D. Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$1,857,747 thousand and NT$1,541,832 thousand, respectively.

E. Unused balance of deductible net operating loss within the Company was listed as follows:

		Unused balance		
		As of December 31,		
Occurrence year	Accumulated net operating loss (NT$'000)	2022 (NT$'000)	2021 (NT$'000)	Expiration Year
2012	$101,046	$-	$95,084	2022
2019	2,023,410	-	366,800	2029
		$-	$461,884	

F. The assessment of income tax return

As of December 31, 2022, the assessment status of income tax returns of the Company and subsidiaries was as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Subsidiary - Pegavision Corporation	Assessed and approved up to 2020
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2020
Subsidiary - BeautyTech Platform Corporation	Assessed and approved up to 2020
Subsidiary - Mayin Investment Co., Ltd.	The first-time assessment of 2021 has not yet been approved.
Subsidiary - FacialBeau International Corporation	The first-time assessment of 2021 has not yet been approved.

(28) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences)by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the year ended December 31,					
	2022 (NT$'000)			2021 (NT$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net income attributable to common shareholders of the parent (in NT$'000)	$7,100,781	$(123,989)	$6,976,792	$4,102,363	$(243,379)	$3,858,984
Weighted average number of common shares outstanding (in thousand shares)	451,027	451,027	451,027	450,646	450,646	450,646
Basic earnings per share (in NT$)	$15.74	$(0.27)	$15.47	$9.10	$(0.54)	$8.56

B. Diluted earnings per share

	For the year ended December 31,					
	2022 (NT$'000)			2021 (NT$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net income attributable to common shareholders of the parent (NT$'000)	$7,100,781	$(123,989)	$6,976,792	$4,102,363	$(243,379)	$3,858,984
Net income attributable to common shareholders of the parent after dilution (NT$'000)	$7,100,781	$(123,989)	$6,976,792	$4,102,363	$(243,379)	$3,858,984
Weighted average number of common shares outstanding (in thousand shares)	451,027	451,027	451,027	450,646	450,646	450,646
Effect of dilution:						
Employee bonus (compensation) – stock (in thousand shares)						
Restricted stocks (in thousand shares)	11,809	11,809	11,809	2,571	2,571	2,571
Weighted average number of common shares outstanding after dilution (in thousand shares)	462,836	462,836	462,836	453,217	453,217	453,217
Diluted earnings per share (in NT$)	$15.34	$(0.27)	$15.07	$9.05	$(0.54)	$8.51

No other transactions that would significantly change the outstanding common shares or potential common shares incurred during the period after reporting date and up to the approval date of financial statements.

(29) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

		As of December 31,	
Name	Country	2022	2021
PIOTEK HOLDINGS LTD. and its subsidiary	China	49.00%	49.00%
Pegavision Corporation and its subsidiary	Taiwan	69.67%	69.67%

Accumulated balances of material non-controlling interest:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
PIOTEK HOLDINGS LTD. and its subsidiaries	$(41,842)	$75,477
Pegavision Corporation and its subsidiary	$4,536,035	$3,844,289

Profit (loss) allocated to material non-controlling interest:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
PIOTEK HOLDINGS LTD. and its subsidiaries	$(120,873)	$(236,570)
Pegavision Corporation and its subsidiary	$1,077,551	$869,694

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized PIOTEK HOLDINGS LTD. and its subsidiaries information of profit or loss is as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Operating revenue	$817,398	$2,344,680
Loss from continuing operation	(246,688)	(482,761)
Total comprehensive income for the period	(239,420)	(495,436)

Summarized Pegavision Corporation and its subsidiaries information of profit or loss is as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Operating revenue	$6,321,198	$5,595,043
Profit from continuing operation	1,545,341	1,248,436
Total comprehensive income for the period	1,548,014	1,240,212

Summarized PIOTEK HOLDINGS LTD. and its subsidiaries information of financial position is as follows:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Current assets	$318,326	$1,258,443
Non-current assets	756,481	952,045
Current liabilities	126,557	1,039,165
Non-current liabilities	1,033,614	1,017,267

Summarized Pegavision Corporation and its subsidiaries information of financial position is as follows:

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Current assets	$3,970,829	$3,262,570
Non-current assets	5,590,768	5,302,346
Current liabilities	2,441,504	2,778,429
Non-current liabilities	634,361	278,060

Summarized PIOTEK HOLDINGS LTD. and its subsidiaries cash flows information is as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Operating activities	$(147,078)	$(213,183)
Investing activities	445,303	(56,782)
Financing activities	(126,960)	208,461
Net increase/(decrease) in cash and cash equivalents	84,748	(44,702)

Summarized Pegavision Corporation and its subsidiaries cash flows information is as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Operating activities	$2,047,463	$2,632,863
Investing activities	(1,428,504)	(1,848,633)
Financing activities	(623,260)	(172,250)
Net increase/(decrease) in cash and cash equivalents	(2,845)	602,964

7. RELATED PARTY TRANSACTIONS

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Pegatron Corporation	Parent company
FuYang Technology Corp.	Associate
AzureWave Technologies, Inc	Other related parties
ASFLY TRAVEL SERVICE LTD.	Other related parties
AzureWave Technologies (Shanghai) Inc.	Other related parties
COTEK ELECTRONICS(SUZHOU) CO., LTD.	Other related parties
Maintek Computer (Suzhou) Co., Ltd	Other related parties
Casetek Computer (Suzhou) Co., Ltd.	Other related parties
ASIAROCK TECHNOLOGY LIMITED	Other related parties
ASROCK RACK INCORPORATION	Other related parties
PEGATRON JAPAN INC	Other related parties
PEGATRON CZECH S.R.O	Other related parties

(2)Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Parent company	$421	$1,329
Other related parties	35,715	92,903
Total	$36,136	$94,232

Selling prices and collection terms to related parties are similar to those to third party customers for the year ended December 31, 2022 and 2021. The collection terms are 30 to 90 days from the end of delivery month by telegraphic transfer.

B. Lease-related parties

(a) Right-of-use assets

		As of December 31,	
Related parties	Nature	2022 (NT$'000)	2021 (NT$'000)
Parent company	Buildings	$264,484	$-
Other related parties	Buildings	331	1,164
Total		$264,815	$1,164

(b) Lease liabilities

	As of December 31,	
Related parties	2022 (NT$'000)	2021 (NT$'000)
Parent company	$265,534	$-
Other related parties	333	1,165
Total	$265,867	$1,165

(c) Lease payment (Rental expense)

		For the year ended December 31,	
Related parties	Nature	2022 (NT$'000)	2021 (NT$'000)
Parent company	Plant	$33,945	$100,846

(d) Interest expenses

	For the year ended December 31,	
Related parties	2022 (NT$'000)	2021 (NT$'000)
Parent company	$2,343	$-
Other related parties	6	6
Total	$2,349	$6

C. For the year ended December 31, 2022 and 2021, the Group recognized operating expenses of NT$6,387 thousand and NT$4,687 thousand, respectively, for services provided by other related parties.

For the year ended December 31, 2022 and 2021, the Group recognized operating expenses of NT$2,963 thousand and NT$331 thousand (tax included), respectively, for services provided by the Parent.

For the year ended December 31, 2022, the Group recognized operating expense of NT$1,165 thousand, for providing services to the associate.

For the year ended December 31, 2022 and 2021, the Group incurred operating expenses of NT$94,295 thousand and NT$93,649 thousand (tax included), respectively, for utility bills paid by the Parent on behalf of the Group.

For the year ended December 31, 2021, the Group recognized operating expense of NT$150 thousand bills paid repair expense to other related parties.

For the year ended December 31, 2021, the Group recognized operating expense of NT$224 thousand due to subcontracting maintenance and repair on factories to its associate.

D. For the year ended December 31, 2022 and 2021, the Group recognized rent income of NT$193 thousand and NT$1,229 thousand, respectively, for plants leased to other related parties.

For the year ended December 31, 2021, the Group recognized rent income of NT$3,538 thousand for plants leased to the associate.

E. For the year ended December 31, 2021, the Group recognized other income in amount of NT$361 thousand due to paying utilities on behalf of associate.

F. Accounts receivable - related parties

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Parent company	$359	$141
Other related parties	2,565	26,170
Total	2,924	26,311
Less: loss allowance	-	-
Net	$2,924	$26,311

G. Other receivables

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Other related parties	$-	$367

H. Prepaid expenses

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Parent company	$3,166	$-
Other related parties	2,302	-
Total	$5,468	$-

I.Refundable deposits

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Parent company	$10,000	$10,000
Other related parties	357	352
Total	$10,357	$10,352

J. Other payables

	As of December 31, 2022 (NT$'000)	As of December 31, 2021 (NT$'000)
Parent company	$27,379	$33,981
Other related parties	168,638	26
Total	$196,017	$34,007

K. Property transection with related party

(a) Acquisition of Assets

Variety	Related parties	Acquisition Price	Reference basis for price decision
2022.01.01~2022.12.31			
Machinery	Parent company	$462	By Bidding
Machinery	Other related parties	$169,921	By Bidding

L. Salaries and rewards to key management of the Group

	For the year ended December 31, 2022 (NT$'000)	For the year ended December 31, 2021 (NT$'000)
Short-term employee benefit	$97,871	$52,426
Post-employee benefit	972	963
Total	$98,843	$53,389

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

Item	Carrying Amount As of 2022 (NT$'000)	Carrying Amount As of 2021 (NT$'000)	Purpose
Property, plant and equipment - land (carrying amount)	$196,960	$-	Long-term secured loans
Property, plant and equipment - buildings (carrying amount)	124,544	42,036	Long-term secured loans
Refundable deposits	2,000	2,000	Security deposit to custom authority
Refundable deposits	-	2,535	Litigation deposit
Total	$323,504	$46,571	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of December 31, 2022 are as follows:

Currency	LC Amount (in thousand)		Security (in thousand)
JPY	JPY	8,726,337	$-
USD	USD	10,244	-

(2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2022 are as follows:

Nature of Contract	Contract Amount (NT$'000)	Amount Paid (NT$'000)	Outstanding Balance (NT$'000)
Machinery and construction contracts	$18,541,679	$9,711,609	$8,830,070

(3) The Group had disputes with Wuxi Land Environmental Technology Co.,LTD. (“Wuxi Land Company” hereinafter) regarding the hazardous waste clean up and recycle contract. In June 2020, Wuxi Land Company filed a lawsuit against and Group and requested returning security deposit of RMB 1,000 thousand and prepayment of RMB 9,081 thousand. As of September 30, 2021, the Group received RMB 14,392 thousand from Wuxi Land Company, and the payment was booked under receipts in advance. Wuxi Land Company filed to freeze the advance receipt in August 2020. The People's Court of Huqiu District, Suzhou City ruled to freeze RMB 10,100 thousand, which the Group accounted for under restricted assets. According to the judgment of the Suzhou Intermediate People's Court dated December 3, 2021, the Group shall return security deposit of RMB 1,000 thousand and prepayment of RMB 8,998 thousand to Wuxi Land Company. The Company made the payments in full as of December 31, 2022.

(4) The Group has entered into a long-term sales agreement with its customer. The customer should fulfill its obligation of making a certain number of orders as agreed in the agreement and the Group shall provide the products to the customer pursuant to the agreement.

(5) The Group entered into long-term sales agreements with its customers. According to the agreement, after customers pay the deposit in advance, the Group shall provide the products to the customer pursuant to the agreement.

10. SIGNIFICANT DISASTER LOSS

The Group leased a factory area to FuYang Technology Corp. where a fire occurred on October 11, 2020. The Group recognized property, plant and equipment - loss from fire in the amount of NT$75,327 thousand, and the loss caused by the subsequent restoration of the plant was NT$84,210 thousand. In the second quarter of 2022, the compensation of damage to buildings and equipment amounted to NT$157,011 thousand, and the net loss from the abovementioned fire damage was NT$2,526 thousand, which was booked under other profits and losses - loss from fire for the year ended December 30, 2022.

11. SIGNIFICANT SUBSEQUENT EVENT

In accordance with a resolution proposed by Board in a meeting held on February 15, 2022 and approved by Shareholders in the annual general meeting held on May 27, 2022, the Company shall execute 2022 restricted stocks plan in total volume of 5,400,000 shares. The issuance is approved by Financial Supervisory Commission (”FSC”) on June 23, 2022 in an FSC's letter numbered 1110347163.

The Board meeting on February 13, 2023 resolves to issue 2,035,500 restricted shares at unit share price of NT$85.6 with the record date of issuance on March 20, 2023.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through P/L	$1,218,551	$616,080
Financial assets at fair value through OCI	51,000	51,000
Financial assets measured at amortized cost:		
Cash and petty cash	16,684,198	15,332,027
Time deposit	20,057	20,057
Accounts receivable	5,049,805	5,678,515
Other receivables	606,035	406,782
Total	$23,629,646	$22,104,461

Financial liabilities

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Financial liabilities at amortized cost:		
Short-term borrowings	$376,620	$1,099,846
Trade and other payables	10,797,942	10,149,785
Long-term borrowings (including current portion with maturity less than 1 year)	12,075,501	10,078,111
Lease liabilities (including current portion with maturity less than 1 year)	363,360	161,503
Total	$23,613,423	$21,489,245

(2) Objectives and policies of financial risk management

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures, and manages the risks based on its policy and risk preferences.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies always.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to foreign currency risk relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign operations.

The Group has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

Foreign currency sensitivity analysis of possible change in foreign exchange rates on the Group's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Group's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. It is stated as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, net income (loss) for the year ended December 31, 2022 and 2021 would decrease/increase by NT$87,029 thousand and NT$37,195 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates primarily to the Group's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the year ended December 31, 2022 and 2021 would decrease/increase by NT$7,847 thousand and NT$5,694 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of December 31, 2022 and 2021, receivables from the top ten customers were accounted for 48.77% and 44.01% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, no significant credit risk is expected by the Group.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group maintains financial flexibility using cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year (NT$'000)	1 to 2 years (NT$'000)	2 to 3 years (NT$'000)	3 to 4 years (NT$'000)	4 to 5 years (NT$'000)	More than 5 years (NT$'000)	Total (NT$'000)
As of December 31, 2022							
Loans	$1,917,562	$1,946,233	$2,419,057	$2,352,841	$1,285,669	$3,359,078	$13,280,440
Payables	10,797,942	-	-	-	-	-	10,797,942
Lease liabilities	135,582	125,779	83,335	9,905	6,088	8,775	369,464
As of December 31, 2021							
Loans	$1,904,121	$1,332,751	$1,819,319	$2,414,663	$2,223,156	$1,997,783	$11,691,793
Payables	10,149,785	-	-	-	-	-	10,149,785
Lease liabilities	53,668	41,761	28,400	19,691	8,216	12,964	164,700

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for year ended December 31, 2022:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Refundable deposits (NT$'000)	Leases liabilities (NT$'000)	Total liabilities from financing activities (NT$'000)
As of January 1, 2022	$1,099,846	$10,078,111	$1,820,407	$161,503	$13,159,867
Cash flows	(723,226)	1,902,638	3,063,848	(117,882)	4,125,378
Non-cash changes					
Lease range changes	-	-	-	315,332	315,332
Interests on lease liabilities	-	-	-	3,608	3,608
Other	-	(20,559)	-	-	(20,559)
Currency rate change	-	115,311	-	799	116,110
As of December 31, 2022	$376,620	$12,075,501	$4,884,255	$363,360	$17,699,736

Movement schedule of liabilities for the year ended December 31, 2021:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Refundable deposits (NT$'000)	Leases liabilities (NT$'000)	Total liabilities from financing activities (NT$'000)
As of January 1, 2021	$2,640,307	$3,609,548	$73,235	$106,246	$6,429,336
Cash flows	(1,540,461)	6,515,162	1,747,172	(50,176)	6,671,697
Non-cash changes					
Lease range changes	-	-	-	104,170	104,170
Interests on lease liabilities	-	-	-	1,358	1,358
Other	-	(30,329)	-	-	(30,329)
Currency rate change	-	(16,270)	-	(95)	(16,365)
As of December 31, 2021	$1,099,846	$10,078,111	$1,820,407	$161,503	$13,159,867

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

(a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed equity securities, beneficiary certificates, bonds and futures etc.) at the report date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2022

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$1,218,551	$-	$-	$1,218,551
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000

Financial liabilities:
None

As of December 31, 2021

	Level 1 (NT$'000)	Level 2 (NT$'000)	Level 3 (NT$'000)	Total (NT$'000)
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$616,080	$-	$-	$616,080
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliation for fair value measurements on a recurring basis in Level 3 hierarchy

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	Financial assets at fair value through other comprehensive income
	Stocks
Beginning balances as at January 1, 2022	$51,000
Total gains and losses recognized for the year ended December 31, 2022:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income'')	-
Acquisition for the year ended December 31, 2022	-
Ending balances as at December 31, 2022	$51,000

	Assets
	Financial assets at fair value through other comprehensive income
	Stocks
Beginning balances as at January 1, 2021	$51,000
Total gains and losses recognized for the year ended December 31, 2021:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income'')	-
Acquisition for the year ended December 31, 2021	-
Ending balances as at December 31, 2021	$51,000

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets at fair value through other comprehensive income					
Stocks	Comparable listed OTC companies law	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	5% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group’s equity by NT$2,295 thousand

As of December 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets at fair value through other comprehensive income					
Stocks	Comparable listed OTC companies law	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	5% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group’s equity by NT$2,295 thousand

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Group's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

	As of December 31,					
	2022			2021		
	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)
Financial assets						
Monetary items:						
USD	$358,240	30.718	$11,004,250	$245,037	27.702	$6,788,004
CNY	$331,722	4.411	$1,463,064	$160,266	4.342	$695,867
Financial liabilities						
Monetary items:						
USD	$74,920	30.717	$2,301,343	$110,844	27.683	$3,068,501
CNY	$111,912	4.411	$493,590	$258,978	4.342	$1,124,473

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

	For the year ended December 31,	
Foreign currency resulting in exchange gain or loss	2022 (NT$'000)	2021 (NT$'000)
USD	$259,530	$(27,671)
Other	(1,907)	12,403

(10) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value. The Group manages and adjusts its capital structure considering changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(11) Discontinued operations

Piotek Computer (Suzhou) Co., Ltd., a subsidiary of the Group, ceased production and operation in 2022, which met the definition of discontinued operations. Therefore, the cash-generating unit was expressed as discontinued operations. The relevant profit and loss of Piotek Computer (Suzhou) Co., Ltd. will be re-expressed rather than retrospectively adjusted.

The operating results and cash inflows (outflows) of the discontinued operations are as follows:

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Income (loss) from discontinued operation:		
Operating revenue	$814,568	$2,336,321
Operating costs	(971,327)	(2,564,410)
Gross loss	(156,759)	(228,089)
Operating expenses		
Sales and marketing	(16,641)	(39,756)
General and administrative	(166,270)	(100,291)
Research and development	(29,674)	(83,069)
Expected credit gains (losses)	(17,902)	(4)
Total operating expenses	(230,487)	(223,120)
Operating loss	(387,246)	(451,209)

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Non-operating income and expenses		
Interest income	1,654	988
Other income	61,607	15,301
Other gains or losses	117,993	(29,095)
Finance costs	(37,124)	(13,199)
Total non-operating income and expenses	144,130	(26,005)
Loss from discontinued operations before tax	(243,116)	(477,214)
Income tax expense	-	-
Loss from discontinued operations	$(243,116)	$(477,214)

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Net cash flows from (used in) operating activities	(151,985)	(229,554)
Net cash flows from (used in) investing activities	445,335	(42,556)
Net cash flows from (used in) financing activities	(126,939)	208,461
Net increase (decrease) in cash and cash equivalents	75,358	(45,360)

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT$ 300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

E. Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 3.

F. Disposal of individual real estate with amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

G. Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 4.

H. Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the year ended December 31, 2022: Please refer to attachment 10.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of December 31, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(e) Acquisition of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 7.

(f) Disposal of individual real estate with amount of at least NT$300 million or 20 percent of the paid-in capital for the year ended December 31, 2022: None.

(g) Related party transactions with purchase or sales amount of at least NT$100 million or 20 percent of the paid-in capital for the year ended December 31, 2022: Please refer to attachment 8.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2022: Please refer to attachment 9.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars/ Foreign currencies)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of Dec. 31, 2022 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2022 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	$2,150,225 (Note 2)	(2)	$2,150,225 (Note 2)	$-	$-	$2,150,225 (Note 2)	$1,040,694 (Note 2 and Note 4)	100%	$1,040,694 (Note 2, Note 4 and Note 11)	$3,300,364 (Note 2, Note 4 and Note 11)	$-	$2,150,225 (Note 2)	$2,150,225 (Note 2)	No upper limit (Note 5)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of Dec. 31, 2022 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2022 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)									
Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	$5,120,607 (Note 2)	(2)	$2,895,247 (Note 2)	$-	$-	$2,895,247 (Note 2)	$(250,899) (Note 2 and Note 4)	51%	$(127,958) (Note 2, Note 4 and Note 11)	$(77,419) (Note 2, Note 4 and Note 11)	$-	$2,895,247 (Note 2)	$2,895,247 (Note 2)	No upper limit (Note 5)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of Dec. 31, 2022 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2022 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
					Outflow (NT$'000)	Inflow (NT$'000)									
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	$- (Note 7)	(2)	$59,980	$-	$59,980	$- (Note 7)	$1,168 (Note 2 and Note 4)	-% (Note 7)	$1,168 (Note 2, Note 4 and Note 11)	$- (Note7)	$-	$- (Note7)	$- (Note7)	$- (Note7)
Pegavision (Jiangsu) Limited	Producing and Selling medical equipment	$85,620 (USD 3,000)	(1)	$85,620	$-	$-	$85,620	$(2,618) (Note 2 and Note 4)	30.33%	$(794) (Note 2, Note 4 and Note 11)	$23,974 (Note 2, Note 4 and Note 11)	$-	$85,620	$85,620	$3,891,439 (Note 6)

Name of Investee in China	Main Business	Paid-in Capital (NT$’000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022 (NT$’000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2022 (NT$’000)	Profit/ Loss of Investee (NT$’000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$’000)	Carrying Amount as of Dec. 31, 2022 (NT$’000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2022 (NT$’000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2022 (NT$’000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$’000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$’000)
					Outflow (NT$’000)	Inflow (NT$’000)									
BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	$14,885 (USD 500)	(3) (Note 3)	$-	$14,885	$-	$14,885	$14,507 (Note 2 and Note 4)	30.33%	$3,740 (Note 2, Note 4 and Note 11)	$7,542 (Note 2, Note 4 and Note 11)	$-	$14,885	$14,885	$156,246 (Note 10)
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	$112,559 (USD 3,600)	(3) (Note 8)	$112,559	$-	$-	$112,559	$(16,831) (Note 2 and Note 4)	30.33%	$(5,077) (Note 2, Note 4 and Note 11)	$24,002 (Note 2, Note 4 and Note 11)	$-	$95,043	$95,043	
Gemvision Technology (Zhejiang) Limited	Selling medical equipment	$97,031 (RMB 22,000) (Note 2)	(3) (Note 9)	$-	$-	$-	$-	$(2,403) (Note 2 and Note 4)	30.33%	$(888) (Note 2, Note 4 and Note 11)	$21,068 (Note 2, Note 4 and Note 11)	$-	$-	$-	

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Go directly to the mainland for investment.

(2) Reinvest in mainland China through a third-region company.

(3) Other methods.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: 100% Shares of BeautyTech Platform (Shanghai) owned and directly invested by BeautyTech Platform Corporation.

Note 4: Gain/loss on investment is recognized based on the financial statements which were audited by the independent auditors of the parent company in Taiwan.

Note 5:The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 6: The upper limit on investment for Pegavision (Jiangsu) Limited is calculated as 60% of the net value of the recent financial statements audited by independent auditors of Pagavision Corporation.

Note 7: Xiang-Shou (Suzhou) Trading Limited has completed the cancellation of registration in July 2022. On August 12, 2022, the Company applies to MOEA to cancel the investment in Xiang-Shou (Suzhou) Trading Limited.

Note 8: To improve the synergy of the Group, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from Pagavision Corporation.

Note 9: 100% Shares of Gemvision Technology owned and directly invested by Pegavision Contact Lenses (Shanghai) Corporation.

Note 10: The upper limit on investment for BeautyTech Platform (Shanghai) Corporation, Pegavision Contact Lenses (Shanghai) Corporation and Gemvision Technology (Zhejiang) Limited are calculated as 60% of the net value of the recent financial statements audited by independent auditors of BeautyTech Platform Corporation.

Note 11: Transactions are eliminated upon preparation of consolidated financial statements.

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of December 31, 2022: Please refer to attachment 10 for details.

(b) Sale and balance of related accounts receivable as of December 31, 2022: Please refer to attachment 10 for details.

(c) Property transaction amounts and resulting gain or loss:

Variety	Related parties	Carrying Value	Price	Gain on disposal	Reference basis for price decision
Machinery	Kinsus Interconnect Technology Suzhou Corp	$262,997	$320,616	$57,619 (Note)	Negotiated price

Note: For the year ended December 31, 2019, the Company wrote off NT$38,556 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2022, unrealized gain on disposal of property, plant and equipment is NT$2,239 thousand, and recongnized as the credit balance of investments accounted for using the equity method.

Note1: For the year ended December 31, 2021, the Company wrote off NT$16,617 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2022, unrealized gain on disposal of property, plant and equipment is NT$5,487 thousand, and recongnized as the credit balance of investments accounted for using the equity method.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 10 for details.

(g) Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 10 for details.

(4) Information on major shareholders:

Ownership of shares / Name	Number of shares held (shares)	Ownership ratio
Asus Investment Co., Ltd.	60,128,417	13.27%
Asustek Investment Co., Ltd.	58,233,091	12.86%
Asuspower Investment	55,556,221	12.27%

14. OPERATING SEGMENT

For management purposes, the Group is organized into operating segments based on different products and services and has three reportable operating segments as follows:

IC Substrate: This segment produces and manufactures BGA substrates and sells the products to manufacturers of electronic products.

Printed Circuit Board (PCB): This segment produces and manufactures PCBs and sells the products to manufacturers of electronic products.

Optics: This segment produces, manufactures and sells contact lens.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's subsidiary Piotek Computer (Suzhou) Co., Ltd. ceased production and operation in 2022, so it is listed under the item of discontinued business units. Please refer to Note 12(11) for details.

The Group’s operating segments adopts the same accounting policies as the ones in Note 4. Management monitors the operating results of its business units separately for decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements.

(1)Segment income (loss), assets and liabilities

For the year ended December 31, 2022

	Continuing operations					
	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Discontinued Operations (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
External customer	$35,302,694	$6,320,970	$2,822	$814,568	$-	$42,441,054
Inter-segment	-	-	-	-	-	-
Total revenue	$35,302,694	$6,320,970	$2,822	$814,568	$-	$42,441,054
Segment income (loss)	$6,640,698	$1,545,101	$(9,213)	$(243,116)	$-	$7,933,470

For the year ended December 31, 2021

	Continuing operations					
	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Discontinued Operations (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
External customer	$27,733,029	$5,595,043	$8,370	$2,336,321	$-	$35,672,763
Inter-segment	-	-	-	-	-	-
Total revenue	$27,733,029	$5,595,043	$8,370	$2,336,321	$-	$35,672,763
Segment income (loss)	$3,727,096	$1,248,436	$(6,210)	$(477,214)	$-	$4,492,108

Details of assets and liabilities under the Group's operating segments are as follows:

	Continuing operations					
Segment assets	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Discontinued Operations (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
As of 12/31/2022	$61,997,159	$9,561,597	$66,561	$1,008,099	$-	$72,633,416
As of 12/31/2021	$47,552,182	$8,564,916	$136,895	$2,132,155	$-	$58,386,148

	Continuing operations					
Segment liabilities	IC Substrate (NT$'000)	PCB (NT$'000)	Optics (NT$'000)	Discontinued Operations (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
As of 12/31/2022	$29,581,465	$3,075,865	$151	$1,160,042	$-	$33,817,523
As of 12/31/2021	$20,284,153	$3,056,489	$6,589	$2,049,819	$-	$25,397,050

(2)Geographical information

Revenues from external customers

	For the year ended December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Taiwan	$13,074,886	$12,538,890
Other countries	29,366,168	23,133,873
Total	$42,441,054	$35,672,763

The revenue information above is based on the location of the customers.

Non-current assets

	As of December 31,	
	2022 (NT$'000)	2021 (NT$'000)
Taiwan	$41,727,367	$29,168,816
U.S.A.	14	3,391
China	2,226,456	2,297,610
Japan	467	1,164
Total	$43,954,304	$31,470,981

(3)Information about major customers

Individual customer's sale accounted for at least 10% of consolidated net sale:

	For the year ended December 31,	
Name of customers	2022	2021
Customer A	$4,438,537	(Note)
Customer B	(Note)	$3,837,888

Note: Revenue generated from sales to individual customer did not achieve 10% of the operating revenue of the Group, it was not disclosed.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2022

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party											
No. (Note 1)	Name	Name	Nature of Relationship	Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
-	-	-	-	-	$-	$-	$-	$-	-%	-	-	-	-

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

Note 3: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT$125,079 thousand.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2022

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2022				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value	
Kinsus Interconnect Technology Corp.	Money market funds:							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	21,355,432	$257,509	-%	$272,192	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	267,907	
	Subtotal				512,952		$540,099	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				27,147			
	Total				$540,099			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capital

For Year Ended December 31, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Kinsus Interconnect Technology Corp.	Houses and buildings	2022.02.25、2022.03.15 and 2022.06.27	$2,720,500	By Contract	Fan Da Construction Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Kinsus Interconnect Technology Corp.	Land, houses and buildings (Including clean room and air conditioning system)	2022.03.16	$2,310,800	By Contract	Yankey Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Kinsus Interconnect Technology Corp.	Land, houses and buildings (Including air conditioner mechanical and electrical construction)	2022.07.20	$3,580,000	By Contract	Chiu Ho Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$ 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Attachment 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	$2,926,925	22.86%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonablely compared.	Other vendors also enjoy payment within 30~90 days from the end of delivery month	Accounts payable $(241,659)	(11.74)%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Kinsus Interconnect Technology Corp. and Subsidiaries
Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)
As of December 31, 2022

Attachment 5
(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2021	As of December 31, 2022	Shares	%	Carrying Value			
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA. U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD 500	USD 500	500,000	100.00%	$71,710	$(2,492)	$(2,492)	Note 4
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 166,309	USD 164,309	164,308,720	100.00%	$3,230,275	$883,693	$874,585 (Note 2)	Note 4
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taiwan	Investing activities	$1,600,000 (Note)	$1,600,000 (Note)	160,000,000	100.00%	$2,841,401	$522,300	$522,300	Note 4
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	$252,455 (Note 1)	$252,455 (Note 1)	21,233,736	30.33%	$1,949,698	$1,542,135	$467,790	Note 4
Kinsus Investment Co., Ltd.	FuYang Technology Corp.	Taiwan	Electronic Parts and Components Manufacturing	$929,422	$929,422	64,176,872	35.65%	$381,123	$149,546	$53,319	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 72,000	USD 70,000	70,000,000	100.00%	USD 107,442	USD 33,690	USD 33,690	Note 4
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD (1,418)	USD (8,288)	USD (4,227)	Note 4
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD (2,780)	USD (8,288)	USD (8,288)	Note 4
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,162	USD (120)	USD (120)	Note 4
Pegavision Corporation	PEGAVISION JAPAN INC.	Japan	Selling Medical equipment	JPY 9,900	JPY 9,900	198	100.00%	$94,156	$35,608	$35,608	Note 4
Pegavision Corporation	Mayin Investment Co., Ltd.	Taiwan	Investing activities	$120,003	$246,003	21,000,000	100.00%	$383,590	$102,903	$102,903	Note 4
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	$40,000	$107,500	8,500,000	85.00%	$221,349	$114,108	$107,629	Note 4
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	$27,500	$27,500	2,750,000	55.00%	$25,576	$(3,481)	$(1,915)	Note 4
BeautyTech Platform Corporation	Aquamax Vision Corporation	U.S.A.	Selling medical equipment and cosmetic products	USD 1,100	- (Note 3)	-	-%	$- (Note 3)	$(6,344)	$(6,206)	Note 4
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	Not applicable	USD 200	200,000	100.00%	$6,221	$(46)	$(46)	Note 4
FacialBeau International Corporation	Aquamax Vision Corporation	U.S.A.	Selling medical equipment and cosmetic products	- (Note 3)	USD 1,100	11,000,000	100.00%	$6,895 (Note 3)	$(6,344)	$(138)	Note 4
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	Not applicable	KRW 100,000	-	100.00%	$2,345	$(87)	$(87)	Note 4

Note : The Company's original investment in Kinsus Investment Co., Ltd. was NT$500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT$102,000 thousand to offset deficits in 2013
And increased capital by NT$602,000 thousand and NT$600,000 thousand in 2016 and 2017, respectively. After the increases, the Company's investment amount increased to NT$1,600,000 thousand.
Note 1: Kinsus Investment Co., Ltd. invested Pegavision Corporation in cost of NT$286,418 thousand.
As Pegevision Corporation has become a listed company since October, 2019, Kinsus Investment Co., Ltd decreased its investment by NT$33,963 thousand in selling 855 thousand shares.
Note 2: It includes the investment income accounted for using equity method of 883,693 thousand, realized benefits on upstream transactions of 17,432 thousand and the unrealized benefits on upstream transactions of 26,540 thousand.
Note 3: To improve the synergy of the Group, the equity of Aquamax Vision Corporation was transferred to FacialBeau International Corporation from BeautyTech Platform Corporation.
Note 4: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Kinsus Interconnect Technology Corp. and Subsidiaries
Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)
As of December 31, 2022

Attachment 6
(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2022				Guarantee, Pledge or Other Restricted Conditions		Note
				Shares (Unit)	Carrying Amount	%	Fair Value	Shares	Carrying Amount	
Kinsus Investment Co., Ltd.	Money market funds:									
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss	829,070	$11,314	-%	$11,964	-	$-	
Pegavision Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	17,190,427	264,000	-%	$570,445	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	18,482,095	306,000	-%				
Mayin Investment Co., Ltd.	Money market funds:									
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	392,329	5,000	-%	$5,001	-	$-	
BeautyTech Platform Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,733,974	42,000	-%	$91,042	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	2,958,590	49,000	-%				
	Valuation adjustments of financial assets held for trading				1,138					
	Total				$678,452					
Kinsus Investment Co., Ltd.	Stocks:									
	Ethos Original Co., Ltd.	-	Measured at fair value through other comprehensive income	5,000,000	$50,000	7.49%	$50,000	-	$-	
	Li Chang Finery Inc	-	Measured at fair value through other comprehensive income	32,653	1,000	1.01%	1,000	-	-	
	Total				$51,000		$51,000		$-	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT$ 300 million or 20% of the Paid-in Capital

For the Year ended December 31, 2022

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note)	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Pegavision Corporation	Right-of-use assets -Buildings	2022.04.25	$330,604	By Contract	Pegatron Corporation	Ultimate parent company	Pegatron Corporation	Ultimate parent company	Renew the tenancy	None	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None

Note: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT$100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2022

Attachment 8

(In Thousands of US/NTD Dollars)

			Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		
Company Name	Related Party	Nature of Relationship	Purchase/ Sale	Amount	% to Total	Payment/Collection Term	Unit Price	Payment/Collection Term	Ending Balance	% to Total	Note
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 98,914	73.91%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts USD 8,086	79.03%	Note
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	$2,591,603	46.25%	Payment within 90 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts $335,242 Contract liability $(210)	37.41% 1.98%	Note
Pegavision Corporation	BeautyTech Platform Corporation	Also a subsidiary under the Company's control	Sales	$262,481	4.68%	Payment within 120 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts $98,960	11.04%	Note
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Also a subsidiary under the Company's control	Sales	$287,764	5.14%	Payment within 180 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts $67,566	7.54%	Note

Note: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Receivables from Related Parties of at Least NT$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2022

Attachment 9

(In Thousands of US / NTD Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 8,086 (Note and Note 1)	6.38	$-	-	$-	$-
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	$335,242 (Note and Note 1)	8.14	$-	-	$45,575	$-

Note: Accounts receivable.

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2022

Attachment 10

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction: Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	2022.01.01~2022.12.31						
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp	1	Sales revenue	$20,717	Payment within 30 days from the end of delivery month	0.05%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp	1	Accounts payable	$241,659	Payment within 60 days from the end of delivery month	0.33%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp	1	Purchase	$2,926,925	Payment within 60 days from the end of delivery month	6.90%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp	1	Other receivables	$15,066	Payment within 60 days from the end of delivery month	0.02%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	$35,998	Payment within 30 days from the end of delivery month by TT	0.08%
1	Piotek Computer (Suzhou) Co., Ltd	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	$1,485	Payment within 60~90 days from the end of delivery month	0.11%
2	Pegavision Corporation	Pegavision Japan Inc.	3	Sales revenue	$2,591,603	Payment within 90 days from the end of delivery month	6.11%
2	Pegavision Corporation	Pegavision Japan Inc.	3	Accounts receivable	$335,242	Payment within 90 days from the end of delivery month	0.46%
2	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	$287,764	Payment within 180 days from the end of delivery month	0.68%
2	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	$67,566	Payment within 180 days from the end of delivery month	0.09%
2	Pegavision Corporation	BeautyTech Platform Corporation	3	Sales revenue	$262,481	Payment within 120 days from the end of delivery month	0.62%
2	Pegavision Corporation	BeautyTech Platform Corporation	3	Accounts receivable	$98,960	Payment within 120 days from the end of delivery month	0.14%
2	Pegavision Corporation	BeautyTech Platform Corporation	3	Operating expense	$40,823	Payment within 120 days from the end of delivery month	0.10%
2	Pegavision Corporation	FacialBeau International Corporation	3	Sales revenue	$40,822	Payment within 90 days from the end of delivery month	0.10%
2	Pegavision Corporation	FacialBeau International Corporation	3	Accounts receivable	$16,563	Payment within 90 days from the end of delivery month	0.02%
2	Pegavision Corporation	Pegavision (jiangsu) Limited	3	Operating expense	$15,115	Payment within 180 days from the end of delivery month	0.04%
3	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	$54,303	Payment within 30 days from the end of delivery month	0.13%
4	BeautyTech Platform (Shanghai) Corpo	Gemvision Technology (Zhejiang) Limited	3	Service revenue	$24,758	Payment within 30 days from the end of delivery month	0.06%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items; and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4: Transactions exceeding NT$15,000 thousand have been disclosed. All the transactions have been eliminated when preparing the consolidated financial statements.