English Translation of The Annual Report Originally Issued in Chinese

Stock Code: 3189

KINSUS INTERCONNECT TECHNOLOGY CORP.
2023 Annual Report

Notice to readers

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.

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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:Chang,Chih-ming and Chen,Kuo Shuai
   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) 2023 Business Report

The electronic and semiconductor industry, after experiencing a sharp growth driven by the pandemic bonus in its 2022, entered an extremely conservative phase of inventory adjustment in its 2023. The overall industry was in a downturn in the 2023, with an uncertain outlook. Existing product inventories were too high, while new products hesitated to advance due to unclear future growth trends. Moreover, there were political and war conflicts, US-China technology restrictions, and global inflation showing no signs of abating, putting pressure on economic growth. The hope was originally placed on China's ability to grow after the pandemic was lifted, and to gradually stimulate some global demand. However, those expectations were gradually shattered.

In the midst of a sluggish market for various electronic products in 2023, the topic of AI brought a ray of hope to the entire industry. AI servers and generative AI applications once sparked a frenzy, leading many to believe that AI applications would experience significant growth, potentially offsetting the downturn in consumer electronics. However, the AI application market still couldn't reverse the overall economy. It was only in the 4th quarter of the 2023 that it began to bring some hope for a growth recovery in the 2024.

Looking at the trends in the growth and decline of various electronic products in 2023 Prismark data (Table 1) reveals some changes. In the PC-level computer segment, there was a decline of 25.1% in 2023 compared to 2022. This decline can be attributed to excessive inventory accumulation at the client end. Terminal demand weakened significantly due to sluggish economic growth, making it difficult to deplete the inventory. It is estimated that the demand for replenishing inventory from clients will be pushed to the latter half of the 2024.

Unit: USD million

	2021	2022	2023F	2027F	2022/2021	2023F/2022	2022-2027F CAAGR
Computer: PC	$14,542	$12,745	$9,440	$10,317	-12.40%	-25.10%	-4.10%
Server/Data Storage	$7,804	$9,894	$8,178	$13,527	26.80%	-17.34%	6.50%
Other Computer	$4,554	$4,106	$3,732	$4,272	-9.80%	-9.10%	0.80%
Mobile Phones	$16,117	$15,968	$12,978	$16,991	-0.90%	-18.72%	1.20%
Wired Infrastructure	$6,111	$6,665	$5,947	$7,591	9.10%	-10.78%	2.60%
Wireless Infrastructure	$3,337	$3,585	$3,203	$4,211	7.40%	-10.66%	3.30%
Consumer	$11,858	$11,085	$8,961	$11,901	-6.50%	-19.16%	1.40%
Automotive	$8,728	$9,468	$9,137	$11,956	8.50%	-3.50%	4.80%
Industrial	$3,226	$3,317	$3,030	$3,736	2.80%	-8.66%	2.40%
Medical	$1,531.62	$1,553	$1,485	$1,740	1.40%	-4.38%	2.30%
Military/Aerospace	$3,113	$3,356	$3,424	$4,107	7.80%	2.03%	4.10%
Total	$80,920	$81,740	$69,514	$90,348	1.00%	-14.96%	2.00%

Table I. Market Size of Global PCB (Source: Prismark, November 2023)

In the mobile phone product segment, a similar downward trend was observed, with a decrease of 18.72% in 2023 compared to 2022. Particularly notable was the decline in demand for smartphones in China. Contrary to expectations of a demand rebound following the lifting of the pandemic restrictions, the slowdown in China's economic growth led to a reduction in the pace of consumer product upgrades. The introduction of new models also slowed significantly. Additionally, the US restrictions on Chinese semiconductors further dampened demand for high-end smartphones.

Even the rapidly growing communication infrastructure sector experienced a surprising decline of over 10% in 2023. The main factors contributing to this decline were high inventory levels and low demand. The electronics market as a whole was waiting for signs of growth to emerge, and until then, there was little willingness to replenish inventory.

Despite high market expectations and considerable optimism, the AI server and generative AI application sectors were unable to make a significant contribution to overall growth in the year. Their development was concentrated in a few applications, primarily occurring after the 4th quarter. Consequently, demand for servers still experienced a decline of 17.34%, lacking the power to reverse the overall market downturn.

Consumer electronics, which hold a significant market share, also experienced a decline of 19.16% in 2023. Apart from a certain degree of recovery in the United States, the global market remained in a low atmosphere.

Looking ahead to 2024, there are several directions worth anticipating. The atmosphere of recovery has begun to emerge in the 1st quarter, signaling a promising start. Although the full-year recovery growth may not yet reach the levels seen in 2022, it has certainly lifted from the bottom.

1. The overall pace of inventory digestion continues, with inventory levels returning to healthy levels. The market supply-demand balance is gradually normalizing.
2. New products in AI servers, general-purpose servers, and communication infrastructure are emerging, while applications of large-scale language models are evolving rapidly. The demand for related semiconductors is becoming increasingly apparent.
3. The trend of semiconductor supply chain decoupling from China has taken shape. The patterns of development in various segments of the industry chain are stabilizing, leading to reduced uncertainty.

The semiconductor and electronics market, after experiencing excessive growth in 2022 followed by inventory adjustments in 2023, is poised for a healthy recovery in 2024. The immediate priority for companies remains understanding product development trends, aligning with market dynamics, and adjusting capacity allocation to ensure stable development.

The Company’s revenue in parent-company-only basis totaled to NT$19,342,946 thousand in 2023, decreased by 43.53% compared to NT$34,251,019 thousand in 2022. Net income in parent-company-only basis was NT$47,516 thousand in 2023, decreased by 99.32% compared to NT$6,976,792 thousand in 2022. The Company’s consolidated revenue totaled to NT$26,832,187 thousand in 2023, decreased by 36.78% compared to NT$42,441,054 thousand in 2022. The consolidated net income was NT$1,170,402 thousand in 2023, decreased by 85.25% compared to NT$7,933,470 thousand in 2022.

(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

The Company will aim at application of slim substrates of ABF-FCBGA and memory and the techniques and products of SiP module and High-density Communication 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 co-packaging optical encapsulation modules 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,

KINSUS INTERCONNECT TECHNOLOGY CORP.

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

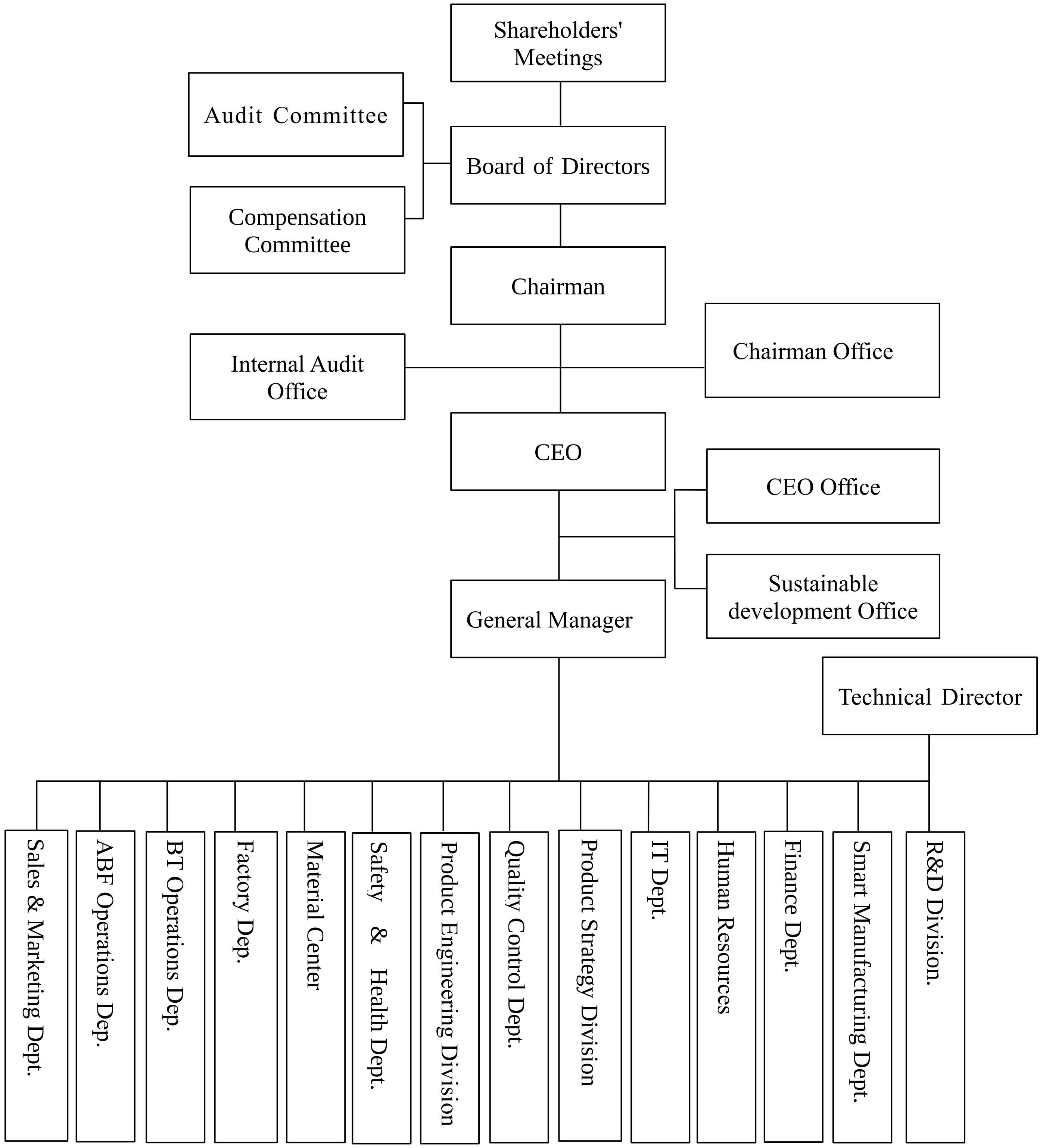
	Magazine.
2006/07	Ranked 89th as Taiwan's most profitable companies by Digital Time Business among top 100 Taiwan Technology.
2006/08	Surplus capital increased by issuing new shares of NT$492 million with NT$3.89 billion paid-up capital after increase in total.
2006/11	Ranked 131st among Asia’s top 150 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.
2023/05	The issuance of restricted restricted shares for employees of 280,000 new shares, resulting in a paid-up capital of NT$4,544,991 thousand after the issuance.

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. Reviewing various contracts, handling legal disputes and compliance matters, managing intellectual property rights, and ensuring legal compliance are carried out by the legal department.
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.
Safety & Health Dept.	Responsible for safety & health management and regulations of engineering safety to ensure the Company complies with relevant safety & health regulations and requirements.
R&D Division	Responsible for coordinating the product, design, development, and facility services.
Smart Manufacturing Division	Responsible for coordinating with production process requirements, planning automation systems, automation development, smart manufacturing-related businesses, and implementing the Smart Manufacturing Factory EAP platform.
Finance Dept.	Responsible for finance, accounting, tax and stocks services.
Human Resources	Responsible for human resource planning, recruiting & staffing, payroll management, training development, services for employee and employee relations.
IT Dept.	Responsible for developing the Company's digital transformation and utilization capabilities of smart manufacturing technologies.
Product Strategy Division	Aligning with operational objectives and demands, plan product marketing strategies and business development goals. Develop annual and quarterly sales plans, and adjust them according to market conditions.
Quality Control Dept.	Responsible for the quality policy, objectives and systems developed and implemented in order to meet customers’ needs.

Product Engineering Division	Responsible for product manufacturing and design, providing related tooling software and hardware, establishing product design and production information systems, and developing and implementing computer-aided design systems.
Material Center	Responsible for production scheduling, shipping schedule, the material management, transportation, warehousing and import/export and customs bonded business.
Factory Dept.	Responsible for the integrated operational management of facilities maintenance and plant safety maintenance, coordinating the support and deployment of facilities personnel among various factory areas.
BT Operations Dept.	Responsible for achieving the work objectives of various departments related to BT product manufacturing across all factory areas, performance management, analysis, and improvement of manufacturing costs control, production strategy planning, production planning, enhancement of production technology, yield analysis and improvement, as well as production equipment management and maintenance.
ABF Operations Dept.	Responsible for achieving the work objectives of various departments related to ABF product manufacturing across all factory areas, performance management, analysis, and improvement of manufacturing costs control, production strategy planning, production planning, enhancement of production technology, yield analysis and improvement, as well as production equipment management and maintenance.
Sales & Marketing Dept.	Responsible for the Company’s product sales and marketing of all company products, driving the achievement of annual and medium-to-long-term performance goals for each product line.

(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 1, 2024

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	-	-	172,000	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%	240,000	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%	403,002	0.09%	-	-	-	-	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 Rep: Zheng, Guang-Zhi	-	2021.7.12		2000.9.1	58,233,091	12.92%	58,233,091	12.81%	-	-	-	-	Department of Computer Science and Information Engineering/Tamkang Univ. General Manager & Co-CEO	Note 6	-	-	-	
Director	R.O.C	Zheng, Guang Zhi	Female 51~60	2023.08.01	Note 10	2023.08.01	-	-	-	-	-	-	-	-	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 Associotion	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	Pegatron Corp., 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 Co., Ltd.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 Limited, 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, Cloud Gate Culture And Arts Foundation, Lovely Taiwan Foundation, Liu Kuo-sung Foundation, Cheng Hsin General Hospital.C.F. Koo Foundation
	Independent Director	PCHOME ONLINE INC.
	President	Monte Jade Science and Technology Association,Contact Lens Society of Taiwan
	Assistant President	Taiwan Climate Partnership
	Trustee	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.
	Trustee	Monte Jade Science and Technology Association.
	Executive Supervisor	Contact Lens Society of Taiwan

Note 4	CEO and GM	Kinsus Interconnect Technology Corp.
	Director	Pegavision Corp., FuYang Technology Corp.
	Vice Presidet	Taiwan Printed Circuit Association,Taoyoung Enterprise Chamber
	Trustee	Monte Jade Science and Technology Association.
Note 5	CTO	Kinsus Interconnect Technology Corp.
Note 6	GM and CEO	Pegatron Corp.,Azurewave Technologies, Inc.
	Chairman	Azurewave Technologies (U.S.A.)Inc.
	Director	Azurwave Technologies, Inc., ASRock Inc.
Note 7	Director	Taiwan Read Foundation
	Independent Director	Merry Corp., Universal Microelectronics Co., Ltd.
Note 8	Chairman	Win Semiconductors Corp., ITEQ Corp., Chainwin Biotech and Agrotech (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.
	Independent Director	Tong Hsing Electronics Industries, Ltd., Inventec Besta Co., Ltd.
	Supervisor	Excellence Sporting Goods Co., Ltd., Comax Sporting Goods Co., Ltd.
	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.
	President	Taoyoung Enterprise Chamber
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		Zheng, Guang-Zhi serves as the representative of Asustek Investment Co., Ltd since August 1, 2023, with the term of office aligning with that of the former representative

Note 11		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 1,2024

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 July 10,2023

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)	16.83
	Tong, Zi-Xian	3.55
	HSBC Custody Hillchester International Investors International Value Shares Trust	3.04
	Yuanta Taiwan Dividend Plus ETF Account	2.77
	Tsung-Tang, Shih	2.52
	Shih-Chang, Hsu	2.11
	HSBC Custody Account of Morgan Stanley International Limited	2.09
	New Labor Retirement Fund	1.76
	Cathay United Bank Custody Professional Alliance Company Investment Account	1.45
	Fubon Life Insurance Co., Ltd	1.35

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	N/A	1

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
Guo, Ming-Dong	National Taipei Institute of Technology	N/A	-
	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		
Zheng, Guang-Zhi	Deparment of Computer Science and information Englineering/Tamkang Univ.		-
	G/M & Co-CEO/ PEGATRON Corp.		
	Commercial and corporate business experience		

<table>
<tr><th>Qualification
Name</th><th>Professional Qualification and Work Experience (Remark 1)</th><th>Independence Criteria</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director</th></tr>
<tr><td rowspan="6">Wu, Hui-Huang</td><td>Department of Electronics Engineering / NCTU</td><td rowspan="14">●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.</td><td rowspan="6">2</td></tr>
<tr><td>Board Director& President/UNIVERSAL SCIENTIFIC INDUSTRIAL CO., LTD</td></tr>
<tr><td>Director/Taiwan Electrical and Electronic Manufacturers' Association</td></tr>
<tr><td>Director/Taiwan Federation of Industry</td></tr>
<tr><td>Director/Taiwan Province Industry Association</td></tr>
<tr><td>Commercial and corporate business experience</td></tr>
<tr><td rowspan="4">Chen, Jin-Cai</td><td>Master of Accounting Institute/Tamkang Univ.</td><td rowspan="4">2</td></tr>
<tr><td>M.P.A/Univ. of San Francisco</td></tr>
<tr><td>President/Namchow Group</td></tr>
<tr><td>Commercial, Finance, Accounting and corporate business experience</td></tr>
<tr><td rowspan="4">Lee, Ming-Yu</td><td>Master of Accounting Institute/National Chengchi University</td><td rowspan="4">1</td></tr>
<tr><td>Hongdao Certified Public Accountants</td></tr>
<tr><td>Independent Director, Audit Committee Member and Remuneration Committee Member/Casetek Holdings Limited</td></tr>
<tr><td>Commercial, Finance, Accounting and corporate business experience</td></tr>
</table>

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, computer science , 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. 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
Zheng,Guang-Zhi	R.O.C	male		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 17 to 19 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, four directors with employee status account for 44%, three independent directors account for 33%; 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 1, 2024

Title	Nationality/ Country of Origin	Name	Gender/ Age	Date 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
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CSO	R.O.C	Tong, Zi-Xian	Male	2014.11.01	240,000	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.	Page 13/Note 2	-	-	-	
CEO and deputy CSO	R.O.C	Liao, Sih-Jheng	Male	2022.05.01	172,000	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.	Page 13/Note 1	-	-	-	
CEO and GM	R.O.C	Chen, He-Xu	Male	2000.09.11	403,002	0.09%	-	-	-	-	Master of Physics/National Tsing Hua University General Maneger / Kinsus Interconnect Technology Corp. Manufacturing Maneger/ Motorola	Page 14/Note 4	-	-	-	
CTO	R.O.C	Zhang, Qian-Wei	Male	2000.09.11	17,000	0.00%	-	-	-	-	Mechanical Engineering / National Central University PCB Equipment Design Manager of Manz Taiwan Ltd. General Maneger / Kinsus Interconnect Technology Corp.	N/A	-	-	-	
COO	R.O.C	Hu, Gui-Qin (Note 1)	Female	2016.09.01	-	-	-	-	-	-	Chemical Engineering/Chung Yuan Christian Univ. General Manager/Tripod Technology Corporation	N/A	-	-	-	

Title	Nationality/ Country of Origin	Name	Gender/ Age	Date 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
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Assistant GM	R.O.C	Huang, Geng Fang	Male	2005.08.01	322,875	0.07%	-	-	-	-	Ta Hwa Univ, of Science&Technology Senior Manager/MITAC Int'l Corp.	N/A	-	-	-	
Senior Assistant GM	R.O.C	Huang, Sheng Chuan	Male	2015.02.01	-	-	-	-	-	-	Mechanical Engineering/Univ, of Cambridge Senior Manager/UNICAP Electronics	N/A	-	-	-	
Assistant GM	R.O.C	Lin, Zhi-Wei	Male	2001.03.01	24,909	0.01%	-	-	-	-	Material Science & Enginnering/Qinghua Univ. QC Manager/AU Optronics Crop	N/A	-	-	-	
Assistant GM	R.O.C	Wu, Wei-Wen	Male	2016.09.01	6,000	0.00%	-	-	-	-	Master of Management/Wichita State Univ. Assistant GM/Tripod Technology Corporation	N/A	-	-	-	
Assistant GM	R.O.C	Zhuang, Da Zhong	Male	2019.09.16	47,000	0.01%	-	-	-	-	Master of Business Management/Royal Roads University Department Director/United Microelectronics Corp.	N/A	-	-	-	
Assistant GM	R.O.C	Lee, An Tang	Male	2021.02.01	55,100	0.01%	60	0.00%	-	-	Insititute of Chemistry/National Taiwan Normal University Assistant of Chemistry/National Taiwan Normal University	N/A	-	-	-	
Finance Supervisor	R.O.C	Liu, Su-Zhen	Female	2010.08.01	68,400	0.02%	-	-	-	-	M.B.A/National Central Univ. Junior Manager/EY Accounting Firm	Supervisor of Kinsus Interconnect Technology Suzhou Corp. Director of Zhuhe Investment Co., Ltd.	-	-	-	

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 Chief Operating Officer, Hu, Gui-Qin, resigned on July 31, 2023.

(c) Remuneration paid during 2023 to directors, the general manager, and assistant general manager

Remuneration to directors(including independent directors)

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	-	-		14,200	-	1,620	-%	34.98%	18,403	27,256	288	288	491	-	14,133	-	40.37%	122.69%	116,290
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.: Zeng, Guang-Zhi																					
	Asustek Investment Rep.: Hu, Gui-Qin																					
Independent Director	Wu, Hui-Huang	-	-	-	-		-	3,240	3,240	6.82%	6.82%	-	-	-	-	-	-	-	-	6.82%	6.82%	
Independent Director	Chen, Jin-Cai																					
Independent Director	Lee, Ming-Yu																					

Note:

1. Compensation to directors and employee for 2023 has been approved by a board meeting held on 2024/1/29 and will be reported in the coming shareholders' meeting on 2024/05/30.
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

<table>
<tr><th rowspan="3">Range of Remuneration</th><th colspan="4">Name of director</th></tr>
<tr><th colspan="2">The total amount of the first four remunerations(A+B+C+D)</th><th colspan="2">The total amount of the first seven remunerations(A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company (Remark 8)</th><th>All companies in the financial report (Remark 9) H</th><th>The Company (Remark 8)</th><th>All companies in the financial report (Remark 9) I</th></tr>
<tr><td>Under NT$1,000,000</td><td>Liao, Sih-Jheng
Tong, Zi-Xian
Guo, Ming-Dong
Chen, He-Xu
Zhang, Qian-Wei
Zheng Guang-Zhi
Hu, Gui-Qin
Asuspower Investment
Asustek Investment</td><td>Liao, Sih-Jheng
Zhang, Qian-Wei
Asustek Investment
Zheng, Guang-Zhi
Hu, Gui-Qin</td><td>Liao, Sih-Jheng
Tong, Zi-Xian
Guo, Ming-Dong
Asuspower Investment
Asustek Investment
Zheng, Guang-Zhi</td><td>Asustek Investment</td></tr>
<tr><td>NT$1,000,000 ~ NT$2,000,000</td><td>Wu, Hui-Huang
Chen, Jin-Cai
Lee, Ming-Yu</td><td>Chen, He-Xu,
Wu, Hui-Huang
Chen, Jin-Cai
Lee, Ming-Yu</td><td>Wu, Hui-Huang,
Chen, Jin-Cai,
Lee, Ming-Yu</td><td>Wu, Hui-Huang
Chen, Jin-Cai
Lee, Ming-Yu</td></tr>
<tr><td>NT$2,000,000 ~ NT$3,500,000</td><td>-</td><td>Asuspower Investment</td><td>-</td><td>Asuspower Investment</td></tr>
<tr><td>NT$3,500,000 ~ NT$5,000,000</td><td>-</td><td>Tong, Zi-Xian</td><td>Hu, Gui-Qin</td><td>-</td></tr>
<tr><td>NT$5,000,000 ~ NT$10,000,000</td><td>-</td><td>Guo, Ming-Dong</td><td>Chen, He-Xu
Zhang, Qian-Wei</td><td>Chen, He-Xu</td></tr>
<tr><td>NT$10,000,000 ~ NT$15,000,000</td><td>-</td><td>-</td><td>-</td><td>Zhang,Qian-Wei
Hu, Gui-Qin</td></tr>
<tr><td>NT$15,000,000 ~ NT$30,000,000</td><td>-</td><td>-</td><td>-</td><td>Tong, Zi-Xian,
Zheng, Guang-Zhi</td></tr>
<tr><td>NT$30,000,000 ~ NT$50,000,000</td><td>-</td><td>-</td><td>-</td><td>Liao, Sih-Jheng
Guo, Ming-Dong</td></tr>
<tr><td>NT$50,000,000 ~ NT$100,000,000</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Over NT$100,000,000</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>12(Note 13)</td><td>12(Note 13)</td><td>12(Note 13)</td><td>12(Note 13)</td></tr>
</table>

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.
12. Zheng, Guang-Zhi serves as the representative of Asustek Investment Co., Ltd since August 1, 2023.
13. Including 7 directors, 2 corporate diretors, 1 leagal representative and 1 newly-appointed legal representative.

*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	30,986	30,986	936	936	11,001	11,001	805	-	805	-	92.03%	92.03%	78,282
CEO and Deputy CSO	Liao, Sih-Jheng													
CEO and GM	Chen, He-Xu													
CTO	Zhang, Qian-Wei													
COO	Hu, Gui-Qin (Note 10)													
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 2023 has been approved by a board meeting held on 2024/01/29 and will be reported in shareholders' meeting on 2024/05/30.
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	Tong, Zi-Xian Liao, Sih-Jheng	-
NT$1,000,000 ~ NT$2,000,000	-	-
NT$2,000,000 ~ NT$3,500,000	-	-
NT$3,500,000 ~ NT$5,000,000	Hu, Gui-Qin Huang, Geng-Fang Huang, Sheng-Chuan Lin, Zhi-Wei Wu, Wei-Wen Zhuang, Da-Zhong Lee, An-Tang	Huang, Geng-Fang Huang, Sheng-Chuan Lin, Zhi-Wei Wu, Wei-Wen Zhuang, Da-Zhong Lee, An-Tang
NT$5,000,000 ~ NT$10,000,000	Chen, He-Xu Zhang, Qian-Wei	Chen, He-Xu
NT$10,000,000 ~ NT$15,000,000	-	Zhang, Qian-Wei Hu, Gui-Qin
NT$15,000,000 ~ NT$30,000,000	-	Tong, Zi-Xian
NT$30,000,000 ~ NT$50,000,000	-	Liao, Sih-Jheng
NT$50,000,000 ~ NT$100,000,000	-	-
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. The Chief Operating Officer,Hu, Gui-Qin, resigned on July 31, 2023.

*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	-	805	805	1.69%
	CEO and deputy CSO	Liao, Sih-Jheng				
	CEO and GM	Chen, He-Xu				
	CTO	Zhang, Qian-Wei				
	COO	Hu, Gui-Qi(Note 5)				
	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 2023 has been approved by a board meeting held on 2024/01/29 and will be reported in the coming shareholders' meeting held on 2024/05/30.

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. The Chief Operating Officer, Hu, Gui-Qin, resigned on July 31, 2023.

(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	2023		2022	
	Total remuneration	Total remuneration to net income (%)	Total remuneration	Total remuneration to net income (%)
Director	3,240	6.82%	73,153	1.05%
GM and Assistant GM	43,728	92.03%	154,750	2.22%

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 2023. 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:Zheng, Guang-Zhi	2	0	100%	On August 1, 2023, Zheng, Guang-Zhi was appointed as representative.
Director	Asustek Investment Representative: Hu, Gui-Qin	2	0	67%	
Independent director	Wu, Hui-Huang	5	0	100%	
Independent director	Chen, Jin-Cai	5	0	100%	
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 69 to 71 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: 2023/02/13

Contents of motion: The company 's issuance of new restricted employee shares for the second time in 2022.

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

Reason:According to Article 15 of "Rules of Procedure for Board of Directors Meeting", Honorary Chairman Tong, Zi-Xian, Liao, Chairman Liao, Sih-Jheng, Director Chen, He-Xu, Director Zhang, Qian-Wei, Director 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.

(2) Date: 2023/07/31
Contents of motion: Suggested proposal for managers' remuneration disbursement for 2022, and proposed annual salary adjustment for managers for 2023 of the company.
The directors of conflict of interest: Honorary Chairman Tong, Zi-Xian, Chairman Liao, Sih-Jheng and Director Chen, He-Xu, Director Zhang, Qian-Wei
Reason: According to Article 15 of "Rules of Procedure for Board of Directors Meeting", Honorary Chairman Tong, Zi-Xian, Liao, Chairman Liao, Sih-Jheng, Director Chen, He-Xu, Director Zhang and Qian-Wei, are managers in the company, they may not participate in discussion or voting on that agenda.
Conclusion:8 directors attended, and 4 persons were deducted due to conflict of interest. The voting result was 4 people favorable. The proposal was approved.

(3) Date: 2023/12/26
Contents of motion: Suggested proposal for the number of months for disbursement of managers year-end bonuses for 2023 of the company.
The directors of conflict of interest: Honorary Chairman Tong, Zi-Xian, Liao, Chairman Liao, Sih-Jheng, Director Chen, He-Xu, Director Zhang and Qian-Wei
Reason: According to Article 15 of "Rules of Procedure for Board of Directors Meeting", honorary chairman Tong, Zi-Xian, Chairman Liao, Sih-Jheng, Chen, He-Xu, Zhang, Qian-Wei are managers in the company, they may not participate in discussion or voting on that agenda. They have no interest in the matters of this meeting, so there is no reason to avoid it.
Conclusion: 9 directors attended, and 4 persons were deducted due to conflict of interest. The voting result was people favorable. The proposal was approved.

3. TWSE and TPEx Listed 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, 2023 to December 31, 2023 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 2023, and the board of directors will report the evaluation results on January 29, 2024. The performance evaluation results of the board of directors are outstanding, 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.

Remark:

1. According to the Company's "Precedure for Board of Directors and Functional Committees Performance Evaluation ", an external professional independent organization or team of external expert scholars should be appointed at least once every three years to conduct the performance evaluation of the board of directors.
2. In 2023, the Company engaged the external professional independent organization, Diwan International Management Consulting Inc. to conduct the performance evaluation of the board of directors for 2022. The evaluation report was issued on July 31, 2023, indicating excellent performance. The external performance evaluation report for the Board of Directors and Functional Committees was presented at the board meeting on January 29, 2024.

(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	5	0	100%	
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
2023/02/13 (The ninth time of the fourth)	1.2022 Business report, parent-company-only financial statements, and consolidated financial statements 2.2023 earnings distribution of cash dividends 3.Approve the 2022 Management's Reports on Internal Control 4. Amendment to the company's "Accounting System" "Internal Control System", and "Internal Audit System" 5. Establishment of the company's "General Policy for Pre-approval of Non-Audit Services" 6.Recognition of the Company's asset acquisition 7. Replacement of the Company's CPAs 8.Issuance of new restrictes shares for employees for the second time in 2022	None	None	All members of the Audit Committee agreed to adopt
2023/04/28(The tenth time of the fourth)	1. The 1st quarter 2023 consolidated financial report 2. Cash capital increase for the company's subsidiary, Piotek Computer (Suzhou) Corporation 3.Application for renewal of derivative ginancial instruments trading limit. 4. Issuance of new restrictes shares for employees for the third time in 2022	None	None	All members of the Audit Committee agreed to adopt
2023/07/31 The tenth time of the fourth	1.1. The 2nd quarter 2023 consolidated financial report 2. The company's direct participation in the cash capital increase of investee companies	None	None	All members of the Audit Committee agreed to adopt
2023/10/30(The twelfth time of the fourth)	1. The 3rd quarter 2023 consolidated financial report 2. Approve the 2024 internal audit plan	None	None	All members of the Audit Committee agreed to adopt
2023/12/26(The thirteen time of the fourth)	1. The company's 2024 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 20 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 "Procedure for The Board of Directors and Functional Committees Performance Evaluation". 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	(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	
(4)Does the Company regularly evaluate the independence of CPAs?	Yes		reported to the board on January 29, 2024. (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 26, 2023)	(4) No obvious deviation

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. 2023 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?	Yes		(1)The Company has set up a Chinese/English website to disclose information regarding the Company's financials, business and corporate governance status.	(1) No obvious deviation
(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)?	Yes		(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.	(2) No obvious deviation
(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		(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	(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>and 3rd quarter financial reports and the monthly operating situation within the prescribed time limit?</td><td></td><td></td><td>3rd quarter financial reports and the monthly operating conditions within the prescribed period.</td><td></td></tr>
<tr><td>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)?</td><td>Yes</td><td></td><td>(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.</td><td>No obvious deviation</td></tr>
<tr><td colspan="5">9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange.

Achievements: The company conducts an external evaluation at least once every three years, and has already conducted evaluations during the assessed year or the past two years. The execution status and evaluation results are disclosed on the company's website or in the annual report
Formulate relevant policies and specific response plans for information security risk management, and disclose them on the Company's website or annual report.</td></tr>
</table>

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: The Sustainability Report prepared by the company has been submitted for review.				

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			
2023/04/28	2023/04/28	Chinese Corporate Governance Association	Advancing in ASEAN: Investment-related Issues in Thailand, Malaysia, India, and Vietnam	3
2023/05/17	2023/05/17	Republic of China Accounting Research and Development Foundation	How to effectively fulfill the functions of corporate governance executives - with a discussion on the legal responsibilities of managers.	3
2023/06/14	2023/06/14	Republic of China Accounting Research and Development Foundation	Practical Performance Evaluation of Corporate ESG Sustainability and Risk Management	3
2023/10/30	2022/10/31	Chinese Corporate Governance Association	International Trends in Carbon Management Development	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 1, 2024

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 17 to 19 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) A total of 3 (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	3	0	100%	
Committee Member	Chen, Jin-Cai	3	0	100%	
Committee Member	Lee, Ming-Yu	3	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 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' pinions	Resolution result
2023/02/13 (The seventh time of the fifth)	1. Approve 2022 compensation to employee 2. The Company 's issuance of new restricted employee shares for the second time.	None	None	All members of the Committee agreed to adopt.
2023/7/31 (The eighth time of the fifth)	1. Distribution of 2022 compensation to directors 2. For the proposed 2022 amounts of employee comp SYSTEensation for managers 3. For the proposed 2023 adjustment on managers' compensations 4. The Company's "manager" personnel change case	None	None	All members of the Committee agreed to adopt.
2023/12/26 (The ninth time of the fifth)	1.Proposal on the number of months of year-end bonus distribution for managers of the company in 2023	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 established the Sustainability Office on July 1, 2022, with ESG Committee composed of dedicated representatives from various departments. The aim is to practice sustainable business operations, establish long-term competitiveness, and fulfill corporate citizenship responsibilities. The focus lies in the three dimensions of Environmental, Social, and Corporate Governance (ESG) sustainability goals, including achieving net-zero carbon emissions, promoting renewable energy, developing green products, and fulfilling commitments to society, encompassing corporate governance, environmental protection, social welfare, and labor relations. The Chairman authorized the CEO to appoint a Vice President of Sustainability as the chairperson. The main responsibilities include facilitating vertical integration, horizontal coordination across departments, ensuring compliance with international trends and regulatory changes, analyzing the company's ESG strategies, communicating with stakeholders, and guiding the preparation of ESG sustainability reports. The Board of Directors evaluates the feasibility of sustainability development strategies proposed by the Sustainability Office, reviews strategy development, and, if necessary, oversees adjustments. A report on the implementation of sustainability development is submitted to the Board of	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	
			Directors on December 26, 2023.	
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 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 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.	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	
			(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? (2)Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load?	Yes 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. (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.	(1) No obvious deviation (2) 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	
(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
(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 2023 will be updated in FY 2023 sustainability report. Greenhouse gas emissions (t-CO2e) (scope 1 and scope 2) in the past two years: 249,697.74 (2021), 270,495.5834 (2022)	(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	
			Water consumption in the past two years (tons): 6,027,037 (2021), 5,700,988 (2022) Total weight of waste in the past two years (tons): 13,315.25 (2021), 13,603.89 (2022) 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. 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.	

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			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 labor regulations and refers to the "Universal Declaration of Human Rights" established by the United Nations, and the various conventions issued by the ILO, including Convention No. 29 of 1930, Convention No. 100 of 1951, Convention No. 111 of 1958, and others. Management procedures are established based on these standards to safeguard the human rights of labor. The content includes free choice of occupation, young labor, working hours, wages and benefits, non-discrimination, freedom Associate suppliers' social responsibility, etc. For details,	(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	
			please refer to the company's sustainable 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. The company has established an occupational safety and health system in accordance with the law, which	(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	
			includes safety and health management systems and training, voluntary inspections of production equipment, environmental measurements in the workplace, internal safety and health audits, health examinations and medical care, emergency response and drills, occupational accident management and statutory reporting, as well as contractor management and construction inspections related to safety and health work. The occupational safety and health voluntary management measures include pre-employment training for new employees, on-the-job training, and certification training. Potential hazards are identified and classified for control. Safety operation standards for machinery and equipment are established to reduce the risk of employee operations. Necessary protective measures or personal protective equipment are provided, along with environmental measurements, emergency response and evacuation drills, regular health examinations, and graded proactive care. In the event of accidents, timely medical care, occupational accident management, and internal safety and health audits are provided to prevent internal disasters and reduce risks, continuously improving safety and health work. The disablement injury frequency rate for 2023 was	

Promotion Item	Execution Status			Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			1.91, meeting the target of disablement injury frequency rate ≤ 3. No fire accidents occurred in 2023. In 2023, internal training focused primarily on occupational safety and health education for new employees and ongoing training for existing employees. A total of 5,976 employees received training, completing a combined total of 18,738 hours of internal training. External training mainly targeted the statutory periodic retraining requirements for personnel engaged in special operations such as organic and specialized operations, as well as those operating hazardous machinery and equipment. A total of 254 employees received external training, completing 3,229 hours. We will continue to organize occupational safety and health education training relevant to the company to ensure compliance with legal requirements in the future."	
(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	(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	
			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.	
(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, and their implementation?	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 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	(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	
			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 2022 sustainability report was verified externally by DNV, and a verification statement was obtained.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. 2023 sustainability report hasn't been published before the completion of the annual report.	No obvious deviation
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				

Climate-related information for TWSE/TPEX Listed Companies

1. The execution status of climate-related information

Item	Execution Status
1. Please specify the supervision and governance by the board of directors and management regarding climate-related risks and opportunities.	1. The Board of Directors serves as the highest authority overseeing climate risks and opportunities, while the Sustainability Office is responsible for executing risk management. Regular meetings are convened, where representatives from various departments of the ESG Committee identify risks and develop response strategies. Additionally, at least annually, reports are submitted to the Board of Directors
2. Please specify how identified climate risks and opportunities will impact the business, strategy, and finances of the enterprise (short-term, medium-term, long-term).	2.The ESG Committee, in accordance with the Task Force on Climate-related Financial Disclosures Recommendation (TCFD) established by the International Financial Stability Board, identifies climate risks through reports from international institutions, industry analysis, regulatory updates, and issues concerning key internal and external stakeholders. The committee assesses the significance of climate risks, determining their impact intensity and likelihood using financial or strategic influence weights. Based on this assessment, the committee prioritizes risk issues and establishes governance, strategy, risk management, and indicator objectives for the company, categorized into short, medium, and long term. Short-term objectives are defined as within 2 years, medium-term as 3 to 6 years, and long-term as 7 years or more. Strategies are developed to mitigate the financial impact of these risks. For further details, please refer to our company's sustainability report.
3. Please specify the financial impact of extreme weather events and transition actions.	3. Extreme weather events can impact production lines and supply chains, leading to decreased demand and reduced orders as customers may be affected by production disruptions. Based on discussions in our company's ESG Committee meetings, nine significant extreme weather events have been identified, including earthquakes, floods, typhoons, wastewater discharge incidents, droughts or dry spells, power outages, water shortages, blackouts, and temperature increases. In response to each type of disaster, apart from devising specific strategies, we are committed to diversifying production bases to enhance flexibility in order transfer. Additionally, we are progressively engaging with insurance companies to extend coverage, thereby reducing losses. Furthermore, we are actively investing in energy-saving and carbon-reduction initiatives as well as

Item	Execution Status
	green procurement. Although these transformational actions require increased manpower, investment in equipment, and additional financial burdens, proactive planning is essential to mitigate and reduce the impact of extreme weather events on the company. This proactive approach is deemed necessary for the future direction of our company's operations.
4. Please specify how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	4. The ESG Committee of the Company, in accordance with our risk management policy, organizes relevant internal departments to jointly review potential internal and external risks, including those related to suppliers, partners, operations, finance, and natural disasters. We assess the likelihood and severity of these risks, define the levels of risk items, and formulate risk management policies for significant risk issues. Through regular review meetings, we monitor changes in risk and ensure the effectiveness of risk management plans and related operations. Additionally, we identify various business opportunities associated with risk and formulate development strategies for the company. A report is submitted to the Board of Directors at least annually.
5. When using scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and key financial impacts should be explained.	5. The Company conducts risk and opportunity analyses for different scenarios, including potential policy, regulatory, market, and technological changes, as well as reputational and substantive risks. We assess relevant parameters, assumptions, analysis factors, and primary financial impacts."
6. If there is a transformation plan in place to address and manage climate-related risks, describe the contents of that plan, as well as the indicators and objectives used to identify and manage physical and transition risks.	6.Based on the management entity risks and transformation risks, the Company has developed a low-carbon transformation plan for the supply chain. We aim to reduce greenhouse gas emissions intensity per million dollars of revenue by 20% from 2030 to 2022 and achieve net-zero carbon emissions by the year 2050. Various energy-saving and carbon-reduction activities and measures are being implemented, including greenhouse gas inventories and the implementation of energy management systems. These efforts are aimed at enhancing energy productivity and efficiency. For more detailed information, please refer to our company's sustainability report
7. If internal carbon pricing is utilized as a planning tool, the basis for price determination should be explained.	7. The Company has not yet implemented internal carbon pricing.

Item	Execution Status
8. If climate-related goals are set, the activities covered, greenhouse gas emission scopes, planning timelines, annual progress towards achievement, etc., should be explained. If carbon offsetting with Renewable Energy Certification(RECs) is used to achieve these goals, the sources and quantities of offset carbon credits or the number of RECs should be detailed.	8. The Company's carbon reduction targets include reducing greenhouse gas emissions intensity per million dollars of revenue by 20% from 2022 to 2030, and achieving net-zero carbon emissions by the year 2050. In 2022, we signed contracts for purchasing green electricity, with a generating capacity reaching 4.3 million kilowatt-hours per year. Additionally, in 2023, we completed the installation of obligatory capacity ahead of regulatory requirements, aligning with our policy to use renewable energy by 2050. As part of our transition, our energy structure is shifting towards increasing the proportion of renewable energy sources
9. Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and specific action plans.	9.For detailed information, please refer to 1-1 and 1-2.

1-1 The Greenhouse Gas Inventory and Verification Status Of the Company for the Past Two Years

Parent Company		Total Emissions (Tonnes CO2e)	Intensity (Tonnes CO2e/in millions)	Verification agency	Explanation of Verification Status
Scope 1	2022	16,213.4354	0.3820	BSI	ISO 14064-1 issued by the International Organization for Standard-ization, ISO ※In accordance with the schedule of the verification agency, the disclosed greenhouse gas emissions for 2023 is based on inventory but have not yet been verified. The complete verification information will be disclosed in the sustainability report.
	2023	10,388.8835	0.3872		
Scope 2	2022	254,282.1480	5.9914		
	2023	273,372.6600	10.1882		
Scope 3	2022	157,100.3601	3.7016		
	2023	172,810.3961	6.4404		

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

The carbon reduction target for the company is to reduce greenhouse gas emissions intensity per million dollars of revenue by 20% from the base year (2022) to the year 2030. Additionally, the company aims to achieve net-zero carbon emissions by 2050.

Greenhouse Gas: Ther company conducted greenhouse gas emissions inventories for 2022 in accordance with ISO 14064-1:2018 standards. We have also established sustainable development goals for energy conservation and carbon reduction to understand the overall emission situation, serving as a basis for future improvement target.

Renewable Energy: The company responds to the management of greenhouse gas emission reduction in order to achieve carbon dioxide reduction goals. In 2022, we continued to implement various energy-saving initiatives and greening efforts at our facilities, aiming to effectively control carbon emissions. By 2050, we aim to synchronize with government policies by using renewable energy and reducing indirect CO2 emissions from electricity consumption. This will help achieve environmental sustainability in the future.

In 2022, we completed the signing of contracts for purchasing green electricity, with a generating capacity reaching 4.3 million kilowatt-hours per year. Additionally, in 2023, we completed the obligatory installation capacity ahead of regulatory requirements, as part of our transition towards using renewable energy to meet the policy objectives by 2050. Our energy structure is now beginning to shift towards increasing the proportion of renewable energy sources.

(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
(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	Yes		(3) The "Code of conduct for Integrity" prohibits any dishonest behavior and prevention programs.	(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	
relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?				
2.Fulfill operations integrity policy (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (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? (3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (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 Yes Yes Yes		 (1) The Company evaluates business partners' ethical records and include ethics-related clauses in business contracts. (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. (3) The" Code of Conduct for Integrity" is made as the business standard for the employees, contractors, suppliers, and business partners. (4) Sound corporate accounting and internal control system, and audit plan is made and exercised by internal auditors every year.	 (1) No obvious deviation (2) No obvious deviation (3) No obvious deviation (4) 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	
(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? (2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases? (3) Does the Company provide proper whistleblower protection?	 Yes Yes Yes		 (1) "Employee reporting and complaint handling procedures" is made for the protection of supplier and employee reporting and complaint rights. (2) "Employee reporting and complaint handling procedures" is clearly stipulated the relevant procedure and confidentiality. (3) "Employee reporting and complaint handling procedures" render protection to the petitioner from any possible revenge.	 (1) No obvious deviation (2) No obvious deviation (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
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				
6.Other important information to facilitate a better understanding of the Company's ethical corporate management policies: None				

(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-W/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 79 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 2023 shareholders meeting (at May 31, 2023)

Item	Date	Major resolutions
areholders' meeting	May 31, 2023	A. Approval of the 2022 business report, financial statements and consolidated financial statements: Attending votes: 292,937,141 (Of which the exercise of the voting rights by electronic means: 292,103,845) Favorable votes: 278,457,323 (Of which the exercise of the voting rights by electronic means: 277,624,027) Unfavorable votes: 113,854 (Of which the exercise of the voting rights by electronic means: 113,854) Invalid votes: 0 Abstention and Not votes: 14,365,964 (Of which the exercise of the voting rights by electronic means: 14,365,964) <u>Implementation of the situation:</u> The resolution was adopted. B. Approval of the distribution of 2022 retained earnings: Attending votes: 292,937,141 (Of which the exercise of the voting rights by electronic means: 292,103,845) Favorable votes: 278,457,323 (Of which the exercise of the voting rights by electronic means: 277,624,027) Unfavorable votes: 113,854 (Of which the exercise of the voting rights by electronic means: 113,854) Invalid votes: 0 Abstention and Not votes: 14,365,964 (Of which the exercise of the voting rights by electronic means: 14,365,964) <u>Implementation of the situation:</u> The resolution was adopted and the dividends have been distributed on August 9, 2023 accordingly.

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
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
2023.04.28 (The eleventh time of the eighth)	1. Financial Report for the first quarter of 2023 2. Profit repatriation from the company's, subsidiary Suzhou Tungshuo Technology Co., Ltd. 3. Cash capital increase for the company's subsidiary. 4. Application for bank credit line approval. 5. Application for renewal of derivative ginancial instruments trading limit	None	None

Date of board meeting	Major resolutions	The opinions of independent directors	The Company’s response or action to the independent directors’ opinions
	6. The 3rd issuance of restricted stock to employees for 2022		
2023.07.31 (The tweleveth time of the eighth)	1. Financial Report for the second quarter of 2023. 2. To facilitate the registration process for the cancellation of new restricted shares for employees as part of the company's acquisition 3. The company's direct participation in the cash capital increase of investee companies. 4. Amendment to the Compant’s ”Rules for Performance Evaluation of Board of Directors” 5. Recognition of asset disposal by the company. 6.Allocation of 2022 director compensation 7. Suggested Proposal for managers eemuneration disbursement for 2022 of the company. 8. Suggested proposal for annual salary adjustment for managers for 2023 9. Change of the Company’s managers	None	None
2023.10.30 (The thirteenth time of the eighth)	1. Financial Report for the third quarter of 2023 2. Approve the audit plan for 2024 3. To facilitate the registration process for the cancellation of new restricted shares for employees as part of the company's acquisition 4. Establishment of the company’s “Risk Management Policy and Procedures”. 5. Application for renewal of derivative ginancial instruments trading limit.	None	None

Date of board meeting	Major resolutions	The opinions of independent directors	The Company's response or action to the independent directors' opinions
2023.12.26 (The fourteenth time of the eighth)	1. Operating plan and annual budget for 2024. 2. Independent assessment of CPA's independence, appointment of auditors, and compensation proposal for 2024 of the company. 3. Suggested proposal for the number of months for disbursement of managers year-end bonuses for 2023 of the company	None	None
2024.01.29 (The fifteenth time of the eighth)	1. Allocation of 2023 employee compensation and director compensation, 2. 2023 business report, parent-company-only financial statements, and consolidated financial statements 3. 2023 earnings distribution of dividends 4. Statement of Internal Control System for 2023 5. Recognition of the Company's asset acquisition. 6. Application for renewal of derivative ginancial instruments trading limit. 7. To facilitate the cancellation registration process for the new restricted shares for employees to be acquired by the company. 8. The issuance of restricted restricted shares for employees in 2024. 9. Re-election of directors. 10. Nominations and review of Director (including Independent Director) candidate list. 11.Release the restriction on non-competition agreement for newly appointed directors of the company. 12. Relevant matters to the convening of the shareholders' meeting for 2024 of the Company。	None	NoneF

(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

<table>
<tr><th>Name of Accounting Firm</th><th>Name of CPA</th><th>Audit Period</th><th>Fees</th><th>Non-audit fees (Remark 1)</th><th>Total</th><th>Note</th></tr>
<tr><td rowspan="2">Ernst & Young</td><td>Chang,Chih-Ming</td><td rowspan="2">2023/01/01~ 2023/12/31</td><td rowspan="2">3,950</td><td rowspan="2">895</td><td rowspan="2">4,845</td><td rowspan="2"></td></tr>
<tr><td>Chen,Kuo-Shuai</td></tr>
</table>

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

(A) Information on the former CPA

<table>
<tr><td>Replacement Date</td><td colspan="3">January 1, 2023</td></tr>
<tr><td>Reason and Explanation of Replacement</td><td colspan="3">The former CPAs of the company were Hong, Mao-Yi and Cheng, Ching-Piao from Ernst & Young . Due to internal restructuring within Ernst & Young, starting from the first quarter of 2023, the CPAs were changed to Chang,Chih-Ming and Chen,Kuo-Shuai.</td></tr>
<tr><td rowspan="2">In the event of termination or non-acceptance of appointment by the appointor or the CPA</td><td>Party
Circumstances</td><td>CPA</td><td>Appointor</td></tr>
<tr><td>Voluntary termination of appointment</td><td></td><td></td></tr>
</table>

	No longer accepting (continuing) appointment		
The opinions and reasons for audit reports issued within the past two years, excluding unqualified opinions	None		
Differences in opinion with the issuer	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or procedures
			Others
	No	V	
	Explanation		
Other disclosed matters (The items required to be disclosed under Article 10, Paragraph 6, Subparagraphs 4 to 7 of the standard)	None		

(B)Information on current CPAs

Name of CPA Firm	Ernst& Young
Name of CPA	Chang,Chih-Ming, Chen,Kuo-Shuai
Appointment Date	February 13, 2023
Consultations and outcomes regarding accounting treatment methods or principles for specific transactions prior to appointment, and potential opinions on financial statements	None
Written opinions from the current CPA on matters where there are differences with the former CPA	None

(C)Response letter from the former CPA regarding the three matters under Article 10, Paragraph 6, Subparagraphs 1 and 2: Not 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	2023		As of April 1, 2024	
		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	129,000	-	-	-
Director & CSO	Tong, Zi-Xian	30,000	-	-	-
Director	Guo, Ming-Dong	-	-	-	-
Director, CEO & GM	Chen, He-Xu	45,000	-	(5,000)	-
Director (major shareholder)	Asuspower Investment Co., Ltd. Corporate, rep: Zhang, Qian-Wei	-	-	-	-
Technical Director	Zhang, Qian-Wei	10,000	-	-	-
Director (major shareholder) (Note 1)	Asustek Investment Representative: Zheng, Guang-Zhi	-	-	-	-
	Zheng, Guang-Zhi	-	-	-	-
Independent Director	Wu, Hui-Huang	-	-	-	-
Independent Director	Chen, Jin-Cai	-	-	-	-
Independent Director	Lee, Ming-Yu	-	-	-	-
Major Shareholder	Asus Investment Co., Ltd.	-	-	-	-
COO	Hu, Gui-Qin (Note 2)	-	-	-	-
Senior assistant GM	Huang, Geng-Fang	(4,000)	-	-	-
Senior assistant GM	Huang, Sheng-Chuan	(12,000)	-	-	-
Assistant GM	Lin, Zhi-Wei	19,000	-	-	-
Assistant GM	Wu, Wei-Wen	(1,000)	-	-	-
Assistant GM	Zhuang, Da-Zhong	35,000	-	-	-
Assistant GM	Lee, An-Tang	35,000	-	-	-
Chief FIN/ACC manager	Liu, Su-Zhen	19,000	-	(3,000)	-

Remark

1. Zheng, Guang-Zhi serves as the representative of Asustek Investment Co., Ltd since August 1, 2023.
2. The Chief Operating Officer, Hu, Gui-Qin, resigned on July 31, 2023.

(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	13.23%	-	-	-	-	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	12.81%	-	-	-	-	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.	-
Fubon Financial for Fuh Hwa Taiwan Technology Dividend Hight ETF	16,490,000	3.63%	-	-	-	-	-	-	-
NanShan Life Insurance Company Ltd. (Representative: Yin, Chung-Yao)	14,890,000	3.28%	-	-	-	-	-	-	-
Fubon Life Insurance Co.,Ltd. (Representative: Lin, Fuxing)	9,519,000	2.09%	-	-	-	-	-	-	-
Jpmorgan Chase Bank N.A.,Taipei Branch in custody for Templeton Asia Smaller Companies Fund	3,865,100	0.85%	-	-	-	-	-	-	-
Citibank Taiwan custody for Investment account of Norges Bank	3,811,571	0.84%	-	-	-	-	-	-	-
Jpmorgan Chase Bank N.A.,Taipei Branch in custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds	3,743,758	0.82%	-	-	-	-	-	-	-
Standard Chartered International Banking For Fubon Hyundai Life Insurance Co., Ltd.	3,651,000	0.80%	-	-	-	-	-	-	-

(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, 2023; 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.	1,820,034	2.33%	35,246,299	45.19%	37,066,333	47.52%
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.	-	-	-	91.70%	-	91.70%
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	-	-	-	100%	-	100%
PEGAVISION JAPAN INC.	-	-	198	100%	198	100%
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	-	-	-	100%	-	100%
Pegavision (Jiangsu) Limited	-	-	-	100%	-	100%
Beauty Tech Platform Corporation	-	-	8,500,000	85%	8,500,000	85%
Mayin Investment Co., Ltd.	-	-	21,000,000	100%	21,000,000	100%
Facial Beau International Corporation	-	-	2,750,000	55%	2,750,000	55%
Aquamax Vision Corporation	-	-	11,000,000	100%	11,000,000	100%
Beauty Tech Platform (Shanghai) Corporation	-	-	-	100%	-	100%

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
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%
PEGAVISION VIETNAM COMPANY LIMITED	-	-	-	100%	-	100%

Kinsus Interconnect Technology Corp.
Statement on Internal Control Systems

Date: January 29th, 2024

Based on the results of self-inspection of the Company's internal control system in 2023, 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, 2023, 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 January 29th, 2024. 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 1, 2024 Unit: Shares

Type of Shares	Authorized Capital Stock			Remark
	Outstanding Shares (Note)	Unissued Shares	Total	
common stock	454,423,060	145,576,940	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 1, 2024

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

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
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
May 2023	10	600,000	6,000,000	454,499	4,544,991	Cancellation of 2,800 thousand shares	None	Note 24
Aug. 2023	10	600,000	6,000,000	454,475	4,544,746	Cancellation of 245 thousand shares	None	Note 25
Nov.2023	10	600,000	6,000,000	454,467	4,544,671	Cancellation of 75 thousand shares	None	Note 26
Jan. 2024	10	600,000	6,000,000	454,423	4,544,231	Cancellation of 440 thousand shares	None	Note 27

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.

Note 24: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11230093150 dated June 2, 2023

Note 25: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11230155350 dated August 16, 2023

Note 26: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11230215620 dated December 04, 2023

Note 27: Approved by the Ministry of Economic Affairs with the Letter of Jing-(090)-Shang No. 11330022700 dated March 11, 2024

(B)Shareholder Structure

As of April 1, 2024; Unit: Shares

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Corporations	Individuals	Foreign Institutions & Foreigners	Total
# of Persons	0	6	147	54,303	235	54,691
# of Shares Held	0	27,542,000	202,887,492	156,690,116	67,303,452	454,423,060
Shareholding Percentage	0.00%	6.06%	44.65%	34.48%	14.81%	100%

(C)Diffusion of Ownership

Par at NT$10 per share; As of April 1, 2024

Scale of Shareholding	# of Shareholders	# of Shares Held	Shareholding Percentage
1 to 999	11,201	2,223,720	0.49%
1,000 to 5,000	37,744	70,099,001	15.43%
5,001 to 10,000	3,402	26,605,506	5.85%
10,001 to 15,000	864	11,109,071	2.44%
15,001 to 20,000	511	9,463,808	2.08%
20,001 to 30,000	422	10,711,760	2.36%
30,001 to 40,000	141	5,089,724	1.12%
40,001 to 50,000	99	4,608,071	1.01%
50,001 to 100,000	154	10,658,549	2.35%
100,001 to 200,000	63	9,101,726	2.00%
200,001 to 400,000	33	9,663,929	2.13%
400,001 to 600,000	10	4,793,797	1.06%
600,001 to 800,000	9	6,473,463	1.43%

Scale of Shareholding	# of Shareholders	# of Shares Held	Shareholding Percentage
800,001 to 1,000,000	5	4,610,378	1.01%
1,000,001 to 1,000,000,000	33	269,210,557	59.24%
Total	54,691	454,423,060	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 1, 2024; Unit: Shares

Shares / Name of Major Shareholders	# of Shares Held	Shareholding Percentage
Asus Investment Co., Ltd.	60,128,417	13.23%
Asustek Investment Co., Ltd.	58,233,091	12.81%
Asuspower Investment Co., Ltd.	55,556,221	12.23%
Fubon Financial for Fuh Hwa Taiwan Technology Dividend Hight ETF	16,490,000	3.63%
NanShan Life Insurance Company Ltd.	14,890,000	3.28%
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Jpmorgan Chase Bank N.A.,Taipei Branch in custody for Templeton Asia Smaller Companies Fund	3,865,100	0.85%
Citibank Taiwan custody for Investment account of Norges Bank	3,811,571	0.84%
Jpmorgan Chase Bank N.A.,Taipei Branch in custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds	3,743,758	0.82%
Standard Chartered International Banking For Fubon Hyundai Life Insurance Co., Ltd.	3,651,000	0.80%

(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			2022	2023
Market Price per Share	Highest		240.5	122
	Lowest		87	92.2
	Average		146.08	109.60
Net Worth per Share	Before Distribution		75.80	69.75
	After Distribution		69.30	68.75(Note)
Earnings per Share	Weighted Average # of Shares		451,027,000	452,221,000
	Earnings per Share	Before Adjustment	15.47	0.11
		After Adjustment	15.47	0.11(Note)
Dividends per Share	Cash Dividends		6.5	1 (Note)
	Stock Dividends	Stock Dividends from Retained Earnings	-	-
		Stock Dividends from Capital Reserves	-	-
	Accumulated Unpaid Dividends		-	-
Analysis of Return on Investment	Price/Earnings Ratio		9.44	996.34
	Price/Dividend Ratio		22.47	109.60(Note)
	Cash Dividend Yield		4.45%	0.91%(Note)

Note: On January 29, 2024, the board of directors had resolution to distribute a cash dividend of $1 per share, which will be reported to the shareholders meeting on May 30, 2024.

(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, 2023

Unit: NT$

Item	Amount
Beginning retained earnings	$15,236,894,097
Less: Other comprehensive income (loss) in 2023 -Actuarial gain/loss of defined benefit	(14,711,325)
Less: New restreicted employee sharesadjustments	611,711
Add: Net income after tax in 2023	47,515,806
Less: 10% legal reserve	(3,341,619)
Add: Reversal of Special reserve	(47,301,654)
Distributable earnings	15,219,667,016
Distributions	
Less: Cash dividend to shareholders (NT$1 per share)	(454,423,060)
Unappropriated retained earnings	$14,765,243,956

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 2023, the board of directors approved the proposal on January 29, 2024, to distribute shareholder bonuses totaling NT$454,423 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 2023 resolved by the Annual Shareholders Meeting on January 29, 2024 to distribute remuneration to employees and remuneration distribution is 6,480 thousand and 0 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 2022 is as below:

	Earnings Distribution for 2022			
Item	Adopted at Shareholders' Meeting on February 13, 2023	Actual Distribution	Discrepancy	Cause and Explanation of Discrepancy
Director Remuneration	NT$69,913 thousand	NT$69,913 thousand	-	-
Employee Compensation	NT$1,198,514 thousand	NT$1,198,514 thousand	-	-

(1)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:

April 1,2024

Type of Restricted Stock Awards	First issuance, 2022 Restricted Stock Awards	Second issuance, 2022 Restricted Stock	Third issuance, 2022
Date of Effective Registration	June 23, 2022, total 5,400,000 shares		
Issue Date	August 19, 2022	March 20, 2023	May 19, 2023
Number of Restricted Stock Awards Issued	1,932,000 shares	1,448,000 shares	280,000 shares
Number of Restricted Stock Awards Unissued	0 shares		
Issued Price	NT $85.6 /thousand shares		
Ratio of Unreleased Restricted Stock Awards to Total Issued Shares	0.43%	0.32%	0.06%
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);		

Type of Restricted Stock Awards	First issuance, 2022 Restricted Stock Awards	Second issuance, 2022 Restricted Stock	Third issuance, 2022
	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.		
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 470,000 shares	Deposited in a trust/custody account account 758,000 shares	Deposited in a trust/custody account 147,000 shares
Measures to be Taken Where Employees Fail to Meet the	The Company will reclaim and cancel the unvested RSAs in original issuance price.		
Number of Restricted Stock Awards Which Have Been Reclaimed	26,000 shares	22,000 shares	33,000 shares
Number of Released Restricted Stock Awards	1,436,000 shares	668,000 shares	100,000 shares
Number of Unreleased Restricted Stock Awards	470,000 shares	758,000 shares	147,000 shares
Ratio of Unreleased Restricted Stock Awards to Total Issued	0.10%	0.17%	0.03%

Type of Restricted Stock Awards	First issuance, 2022 Restricted Stock Awards	Second issuance, 2022 Restricted Stock	Third issuance, 2022
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 1, 2024

	Title	Name	Number of Employee Restricted Shares	Number of Employee Restricted Stocks to Outstanding Common Shares	Free from Trust (Note 1)				Under the Trust			
					Number of Employee Restricted Stocks Free from Custody	Price of Issuance (thousand shares)	Total Amount of Issuance	Number of Employee Restricted Stocks Free From Custody To Outstanding Common Shares	Number of Employee Restricted Stocks Under Custody	Price of Issua-nce	Total Amount of Issuance	Number of Employee Restricted Stocks Under Custody To Outstanding Common Shares
Manage-ment	CSO	Tong, Zi-Xian	1,148,500	0.25%	714,000	85.6	61,118,400	0.16%	434,500	85.6	37,193,200	0.10%
	Vice CSO	Liao, Sih-Jheng										
	CEO and GM	Chen, He-Xu										
	CTO	Zhang, Qian-Wei										
	Senior Vice President	Huang, Geng-Fang										
	Senior Vice President	Huang, Sheng-Chuan										
	Vice President	Lin, Zhi-Wei										
	Vice President	Wu, Wei-Wen										
	Vice President	Zhuang, Da-Zhong										
	Vice President	Lee, An-Tang										
	Chief Financial officer	Liu, Su-Zhen										

	Title	Name	Number of Employee Restricted Shares	Number of Employee Restricted Stocks to Outstanding Common Shares	Free from Trust (Note 1) Number of Employee Restricted Stocks Free from Custody	Price of Issuance (thousand shares)	Total Amount of Issuance	Number of Employee Restricted Stocks Free From Custody To Outstanding Common Shares	Under the Trust Number of Employee Restricted Stocks Under Custody	Price of Issua-nce	Total Amount of Issuance	Number of Employee Restricted Stocks Under Custody To Outstanding Common Shares
Employee (Note)	Senior Associate President	Lin, Pin-Zhong	624,000	0.14%	381,000	85.6	32,613,600	0.08%	243,000	85.6	20,800,800	0.05%
	Senior Associate President	Ma, Zhen-Guo										
	Senior Associate President	Wu,Chang-Long										
	Senior Associate President	He, Qi-Ye										
	Senior Associate President	Lin, Ding-Hao										
	Senior Associate President	Li, Shi-Fu (resigned)										
	Senior Associate President	Chen, Kun-Di										
	Senior Associate President	Cai, Rui-Ming										
	Senior Associate President	Lai, Young-Zhong (resigned)										
	Senior Project Associate President	Peng, Dian-Zhong										
	Senior Associate President	Ding, Jin-Xing										
	Associate President	Fan, Wen-Long										
	Associate President	Liao, Shu-Yun										
	Associate President	Lin, Yuan-Yuan										
	Project Associate President	Yang, Da-Wen										
	Project Associate President	Zhang, Shuo-Xun										

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

Note 1: Including the number of repurchased or acquired new restricted employee shares.

(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

Percentage / Primary product	2023	
	Sales	Percentage
Division of substrates	20,042,944	74.70%
Division of Optics	6,789,243	25.30%
Total	26,832,187	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

In 2023, the semiconductor industry underwent a full year of inventory adjustment. This followed a situation in 2022 where inventory levels were uniformly high across the entire industry supply chain, prompting a swift shift in strategy towards inventory reduction. The overall demand for electronic products decreased due to inflationary pressures, leading the semiconductor industry to undergo a year-long adjustment as well. It wasn't until the fourth quarter of 2023 that a glimmer of hope emerged, gradually indicating signs of inventory rebuilding. Although this did not extend to every application category, it at least provided some hope for recovery and growth in 2024.

In the technology and semiconductor industries, there emerged an AI (Artificial Intelligence) frenzy in 2023. NVIDIA introduced a series of graphics processing units (GPU) designed to accelerate AI learning functions, while other manufacturers such as Intel and AMD successively launched CPUs and accelerators to address this trend. These chips boasted computational power several times greater than those available just a year prior. On the software and application front, ChatGPT led the trend, causing AI applications to proliferate across all sectors, leading to 2023 being dubbed the “Year of AI".

The market trends for packaged substrates vary across different application categories. In Figure 1, it can be observed that FCBGA (commonly known as ABF substrates) has captured half of the overall substrate market. From Table 1, its compound annual growth rate (CAGR) is also noted to be as high as 6.9%.

FCBGA is primarily used in AI servers, accelerators, network switches, and communication infrastructure, etc., emerging as the fastest-growing application area after 2023. Although AI applications are currently limited and in the nascent stages, the rapid advancement of GPT and other large language models (LLMs) has led to significant developments in language, graphics, audio, etc. Subsequently, acceleration in the demand of FCBGA substrate can be anticipated.

In Figure 1, another substrate product segment is FCCSP, mainly used for mobile phone chips. The development of smartphones has reached its peak in recent years, with semiconductor wafer processes shrinking, constrained by significant escalation of cost. Consequently, substrate specifications have stagnated, and the growth of FCCSP substrate market size has been limited. From Table 1, it can be found that its CAGR is 3.8%, significantly lower than FCBGA products.

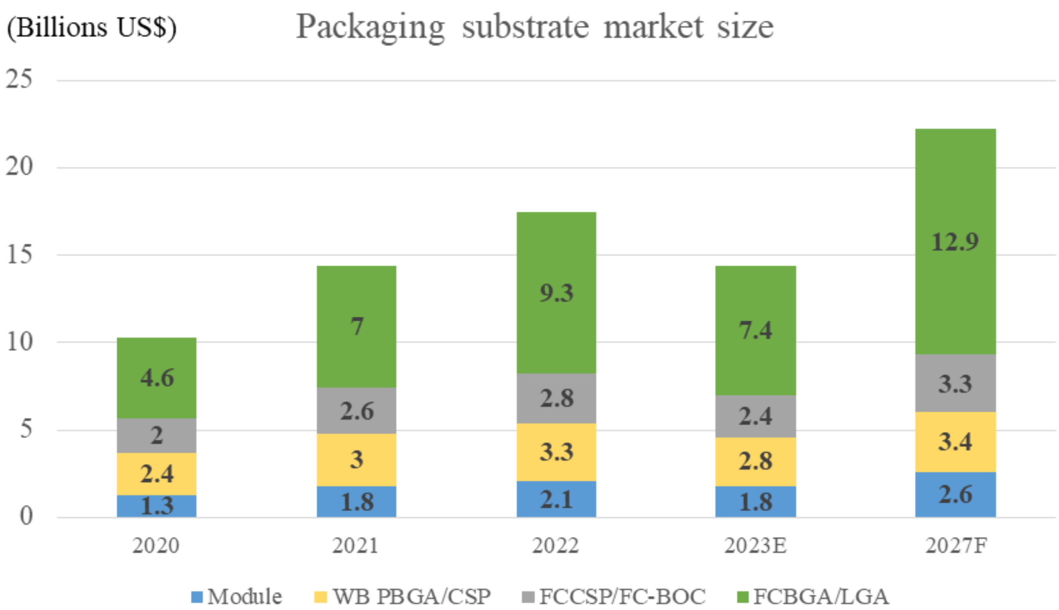


Figure 1: Packing Substrate Market Size Source: Prismark 2023

Packaging Substrate Market

	2020	2021	2022	2023E	2027F	2022-2027 CAAGR
Module	1.3	1.8	2.1	1.8	2.6	4.3%
WB PBGA/CSP	2.4	3	3.3	2.8	3.4	0.7%
FCCSP/FC-BOC	2	2.6	2.8	2.4	3.3	3.8%
FCBGA/LGA	4.6	7	9.3	7.4	12.9	6.9%
Total	10.2	14.4	17.4	14.4	22.3	5.1%

Table 1: Growth of Packing Substrate Market *Source: Prismark 2023*

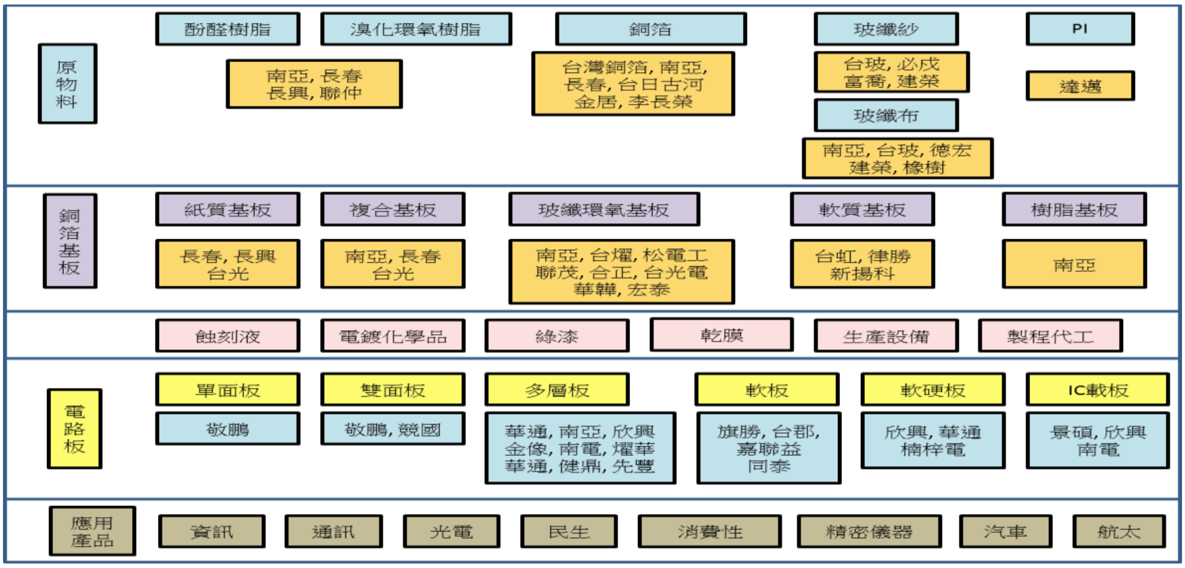
The module product is utilized for communication applications with CAGR of 4.3%. However, due to its smaller market size, it cannot serve as a driving force.

In 2023, PC underwent an extended period of inventory adjustment. With a slight economic recovery in 2024, there is a demand for replenishing inventory, along with anticipated increased demand for AI PCs and AI smartphones in the market. Consequently, a certain degree of revenue growth can be anticipated.

The overall packaged substrate industry is currently experiencing a phase of recovery from a trough. After undergoing significant capacity expansions in 2022 and 2023, markets are now adopting a more conservative approach towards further capacity expansions. Large-scale expansion initiatives will not be undertaken until demand growth is confirmed. This approach is expected to contribute to a healthier development of the market supply-demand in the future.

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

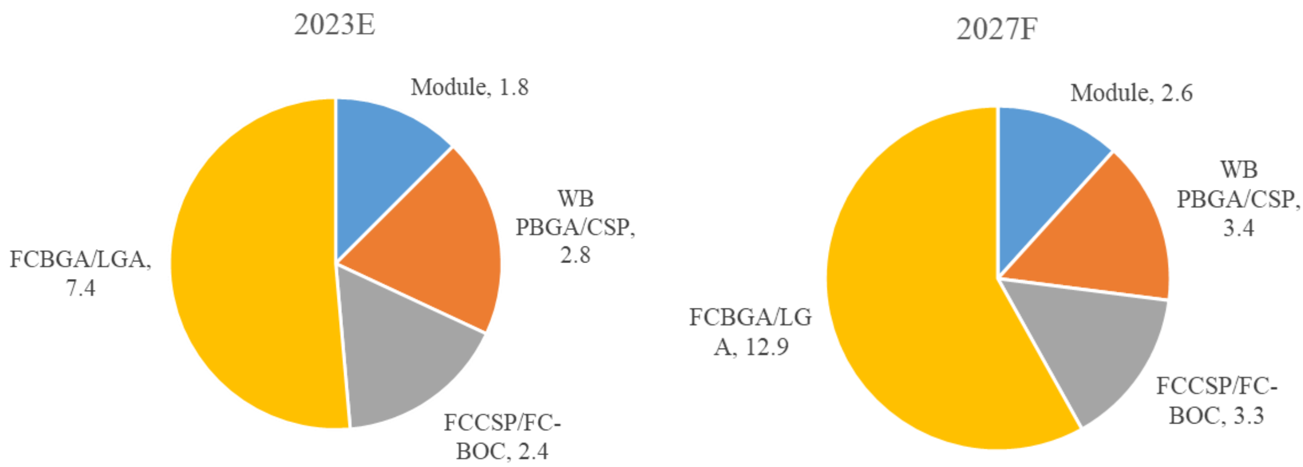
The relative relationships between the upstream and downstream sectors of the industrial chain of PCB and IC substrate are shown in the figure below. Our company is positioned in the sector of “Circuit board”. Upstream suppliers include Epoxy CCL (Copper Clad Laminate), copper foil, and various specialty chemicals suppliers. Downstream clients include IC packaging industry, and electronic product assembly EMS companies. Before the alleviation of the COVID-19 in 2023, there was an imbalance in the supply of some raw materials (copper foil, Copper Clad Laminate, etc.). After the pandemic, the overall industry chain has adjusted to a more balanced situation of supply-demand, with costs and prices remaining relatively stable.



Source: IEK

c. Various Product Development Trends

In Figure 2, the substrate product transition chart indicates that FCBGA products are the fastest growth. With the rapid development of AI, the growth of demand for ABF substrates is foreseeable. Growth in FCCSP for substrates of mobile phones is slowing down. In terms of wire bonding, there is rapid growth in memory products, mainly due to weak demand for memory products in the first half of 2023, resulting in a lower base period, leading to relatively significant growth in the second half of 2023 and 2024.



Unit: US$'000,000

Figure 2: Transition of Packing Substrate applications *Source: Prismark 2023*

d. Product Competitions

There are several trends in the competition of packaged substrate products:

(a) In more than Moore, there is a new trend for high-level ABF substrate used in advanced packaging is a suitable substrate for multiple small chip packages (chipsets)

(b) Integrated RF, substrate, baseband, and other band module substrate board (module) continuously develop to support foundational revenue

(c) The glass core/substrate utilized in optical modules continuously develops, with partial commercialization within the next three to five years, and the substrates are applied to RF modules, optical modules, or partially replace the application of interposers

(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	2023	As of March 31, 2024
R&D expenses	2,396,867	564,547
Net income	26,832,187	6,994,384
Percentage of R&D expenses (%)	8.93%	8.07%

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	2023 Sales Value	Percentage
Taiwan	6,800,432	25.35%
Mainland China	6,017,758	22.43%
United States	3,547,047	13.22%
Japan	4,272,524	15.92%
Europe	3,239	0.01%
Others	6,191,187	23.07%
Total	26,832,187	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-three 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.

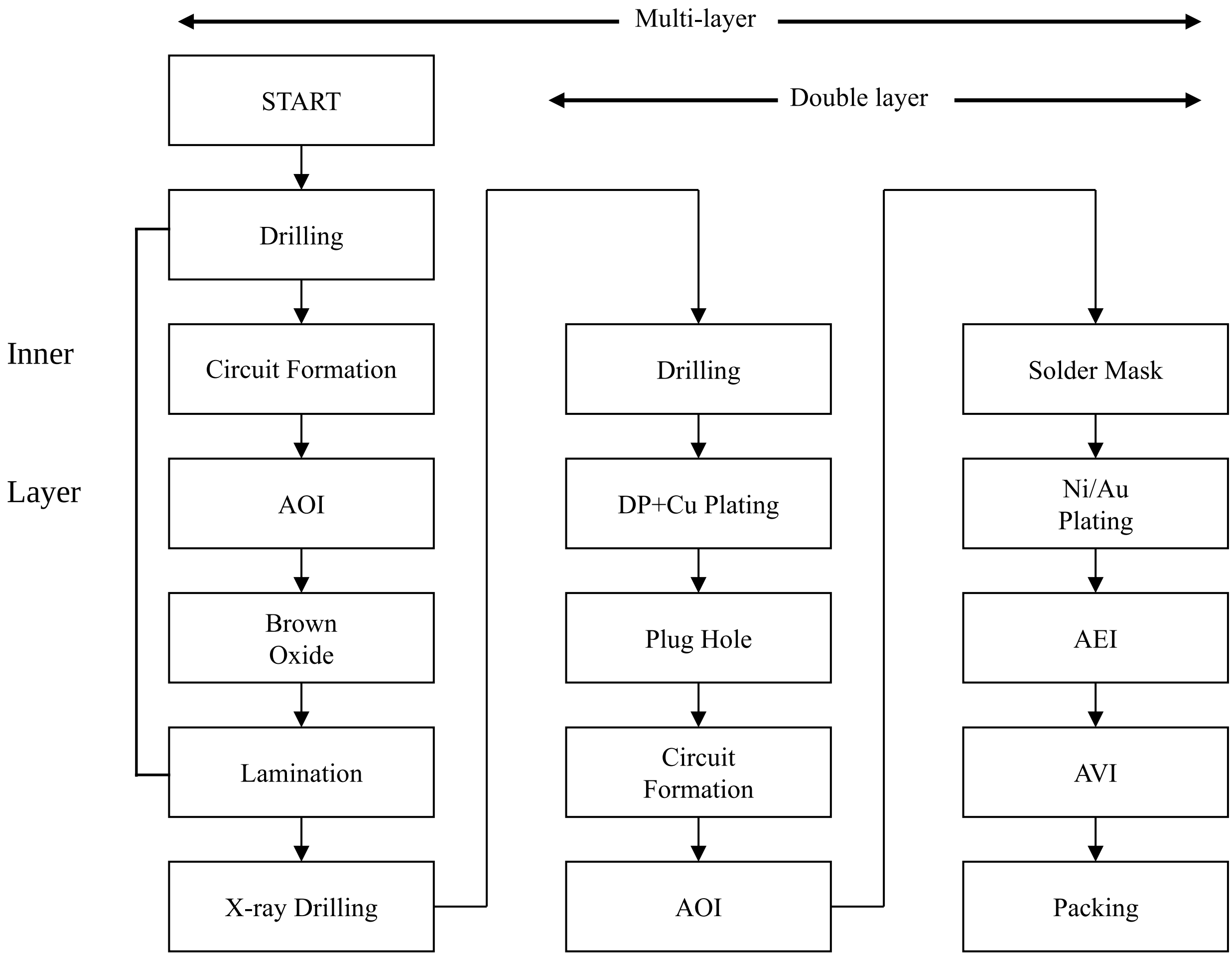
Responding measures:
In addition to maintain good relations with current BT base material manufacturer, we will conduct development testing of related substitute materials at the same time, to prevent the risk of material shortage; thus, allowing us to have multiple sources of suppliers and maintain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

(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 substrate	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

	2022				2023			
Item	Client name	Amount	% to annual net sale〔%〕	Relation with issuer	Client name	Amount	% to annual net sale〔%〕	Relation with issuer
1	C	4,438,537	10.46	None	A	2,317,328	8.64	None
2	A	4,097,507	9.65	None	B	1,781,748	6.64	None
3	D	2,899,751	6.83	None	C	1,199,482	4.47	None
	Others	31,005,259	73.06		Others	21,533,629	80.25	
	Net sale	42,441,054	100		Net sale	26,832,187	100	

Reason for increase or decrease: Meet custmer order requirements.

b. Major Suppliers in the Last Two Calendar Years

Unit: NT$'000

	2022				2023			
Item	Supplier	Amount	% to annual purchase〔%〕	Relation with issuer	Supplier	Amount	% to annual purchase〔%〕	Relation with issuer
1	C	1,564,643	12.34	None	A	909,684	11.45	None
2	A	1,313,098	10.35	None	B	801,996	10.09	None
3	D	1,271,414	10.03	None	C	784,389	9.87	None
	Others	8,532,849	67.28		Others	5,450,470	68.59	
	Net purchase	12,682,004	100		Net purchase	7,946,539	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)	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Substrate	8,663,187	7,825,708	37,934,062	7,420,322	4,461,268	18,097,002

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)	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Substrate	2,288,567	12,229,588	4,511,810	22,021,431	1,247,764	5,914,378	3,069,779	13,428,568
Others	-	845,298	-	7,344,737	-	886,054	-	6,603,187
Total	-	13,074,886	-	29,366,168	-	6,800,432	-	20,031,755

(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		2022	2023	Data as of in 2024/03/31
Number of Employees	Management	376	405	411
	R&D/Technician	1,020	981	1,002
	Operating personnel	4,674	4,060	4,294
	Total	6,070	5,446	5,707
Average Age		35	36	36
Average Years of Service		5.64	6.63	6.44
Education	Ph.D.	0.02%	0.02%	0.02%
	Masters	7.55%	9.13%	8.75%
	Bachelor's Degree	64.18%	63.35%	65.05%
	Senior High School	25.82%	25.32%	24.08%
	Below Senior High School	2.43%	2.18%	2.10%

(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-three 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
2024/01/12	Fu-Huan-Ji-Zi No.1130009106	Water Pollution Control Act Article 7 Item 1	The Taoyuan City's Department Environmental Protection went to the factory to consuct the inspection of effluent sampling, and the copper in the effluent did not meet the standards.	NT$324	a. Enhance on-site operational management of wastewater treatment process. b. In relation to the operation of dosing units for prevention facilities, measures to optimize by adding automatic monitoring facilities are proposed to facilitate the swift handling of system abnormalities.

(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 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
2023/04/26	Lao-Ju-Na-Zi No.11201888810	Article 17, Labor Occupational Accident Insurance and Protection Act	The insured salary amount was not insured as required.	NT$20	Adjustment of the frequency of insured salary brackets.

(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 2023 has been reported to the board of directors by the convener of the management committee on December 26, 2023.

(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.

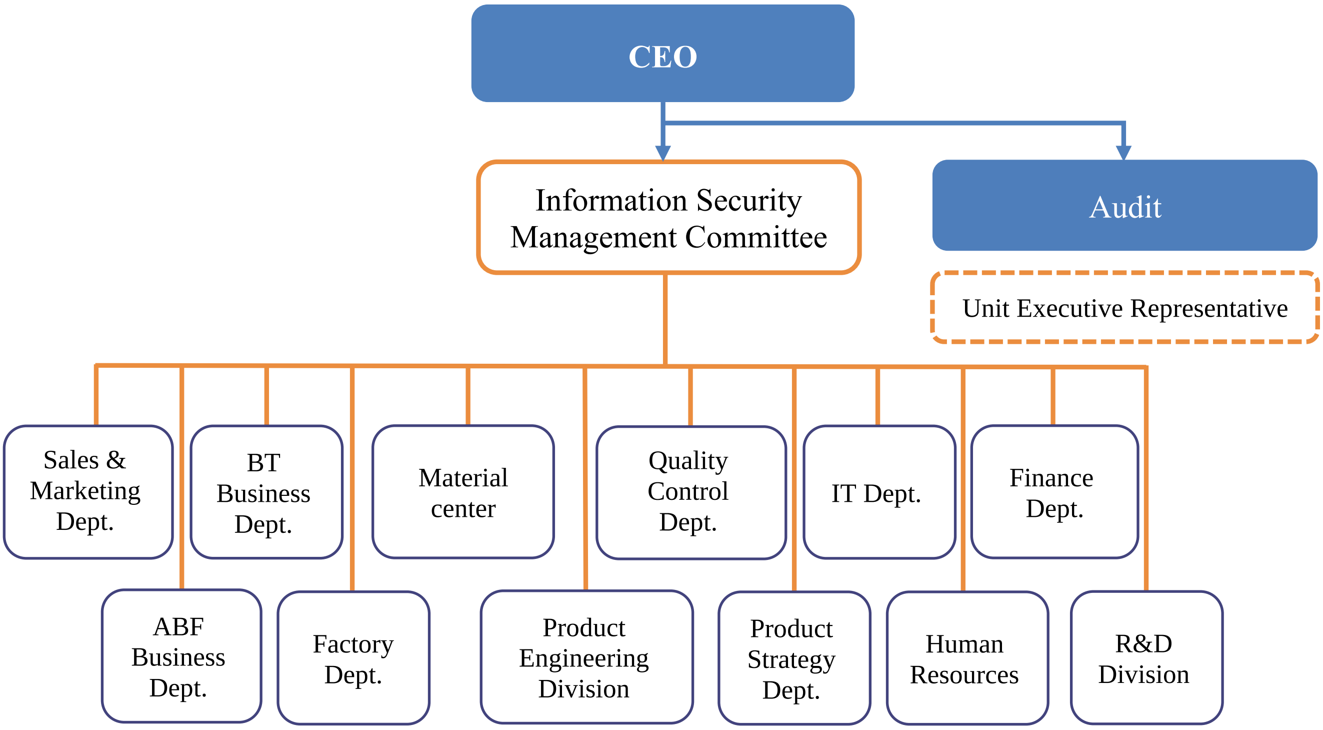


Figure 1: Information Security Management Committee

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.The Information Security Management System (ISMS) has been implemented and enforced, and ISO 27001 ISMS certification has been obtained. 2.Continuously implement security training for new employees and promote themed security awareness promotion through the EIP portal web pages and screen savers. 3.Conduct social engineering drills to enhance colleagues' awareness of information security.
Execution scenarios	1. Approved ISO 27001 international security certification and established multiple management norms. 2. A total of 457 new employees were completed information

	security eLearning course, achieving a 100% pass rate in the tsets. 3. Advocate 4 times such as security policies, threat identification, mobile working, and other awareness of security defenses. 4. Rehearse the social engineering drill 2 times.

b. Management essentials: Cyber security protection

Operation scope	1. Keep the network running smoothly. 2. Protect against hacking intrusions.
Implement measures	1. Established a multi-tiered security defense and detection monitoring system. 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 100%. 2. The number of times the production machine was interrupted due to information security threats was 0. 3. There have been 0 incidents of system intrusion into information security.

c. Management essentials: Mail safety control

Operation scope	1. Reduce external security risks E-mails enter the mailbox of colleagues. 2. Protect the company's intellectual asset and sensitive data from leakage.
Implement measures	1. Implement an advanced email defense management system. 2. Continuous optimization review mechanism for outbound mail. 3. Import AI technology for outbound email audit management.
Execution scenarios	1. In 2023, there will be 0 risk emails reported into the company. 2. The sampling audit of outbound emails has been upgraded from manual to AI-based 100% inspection.

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. Execute security weakness assessment and continuously improve system information security weakness control projects.
Execution scenarios	1. The installation rate of PC/NB endpoint protection software 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 1 case per quarter. 3. Manage information system hosts and network management equipment login permissions, and there are no exception account login events. 4. The system weaken improvement rate reached 92.68%.

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 and data recovery drill operations. 3. Optimize the switching efficiency of the backup system and shorten the time for emergency activation. 4. You-Shi Factory's cloud backup system and off-site backup system for for network storage devices.
Execution scenarios	1. Execute 2 data center service failure scenario drills and 1 backup data recovery drill, with results meeting expectations. 2.Execute 1 failure scenario drill of You-Shi Factory' local system, enable cloud backup system, and provide services for key production within expected time.

(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		2019	2020	2021	2022	2023
Current Assets		19,340,507	21,663,991	26,424,304	28,100,289	29,368,923
Property, Plant & Equipment		19,675,900	18,080,810	24,413,455	31,552,538	31,623,152
Intangible Assets		30,753	32,105	33,218	48,023	41,844
Other Assets		2,656,185	3,007,046	7,515,171	12,932,566	17,033,120
Total Assets		41,703,345	42,783,952	58,386,148	72,633,416	78,067,039
Current liabilities	Before Appropriation	10,841,218	10,730,750	13,982,699	15,373,749	14,258,875
	After Appropriation	11,292,257	11,181,597	16,011,497	18,316,761	14,713,298 (Note 2)
Non-Current Liabilities		2,024,427	2,863,643	11,414,351	18,443,774	24,649,038
Total liabilities	Before Appropriation	12,865,645	13,594,393	25,397,050	33,817,523	38,907,913
	After Appropriation	13,316,684	14,045,240	27,425,848	36,760,535	39,362,336 (Note 2)
Equity Attributable to Shareholders of the Parent		25,567,021	25,669,652	29,069,332	34,321,700	31,694,889
Capital		4,510,738	4,508,625	4,508,441	4,527,711	4,544,231
Capital Surplus		6,637,742	6,632,030	6,633,051	6,860,826	7,153,073
Retained earnings	Before Appropriation	14,630,869	14,712,992	18,130,947	23,117,034	20,207,438
	After Appropriation	14,179,830	14,262,145	16,102,149	20,174,022	19,753,015 (Note 2)
Other Components of Equity		(211,996)	(183,852)	(203,107)	(183,871)	(209,853)
Treasury Stock		(332)	(143)	-	-	-
Non-controlling Interests		3,270,679	3,519,907	3,919,766	4,494,193	7,464,237
Total Equity	Before Appropriation	28,837,700	29,189,559	32,989,098	38,815,893	39,159,126
	After appropriation	28,386,661	28,738,712	30,960,300	35,872,881	38,704,703 (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 January 29, 2024, and will be reported at the Shareholders' Meeting on May 30, 2024.

b. Brief Parent-Company-Only Balance Sheet

Unit: NT$'000

Item \ Year		2019	2020	2021	2022	2023
Current Assets		15,054,223	16,173,342	20,080,288	21,082,119	19,896,645
Property, Plant &		14,264,988	12,776,005	17,589,569	24,888,173	25,346,578
Intangible Assets		20,987	22,944	9,854	19,762	19,235
Other Assets		5,446,034	6,322,854	11,576,307	17,594,583	21,062,832
Total Assets		34,786,232	35,295,145	49,256,018	63,584,637	66,325,290
Current Assets	Before Appropriation	7,304,850	7,507,494	9,956,746	12,236,168	10,636,484
	After Appropriation	7,755,889	7,958,341	11,985,544	15,179,180	11,090,907 (Note 2)
Non-Current Liabilities		1,914,361	2,117,999	10,229,940	17,026,769	23,993,917
Total Liabilities	Before Appropriation	9,219,211	9,625,493	20,186,686	29,262,937	34,630,401
	After Appropriation	9,670,250	10,076,340	22,215,484	32,205,949	35,084,824 (Note 2)
Capital		4,510,738	4,508,625	4,508,441	4,527,711	4,544,231
Capital Surplus		6,637,742	6,632,030	6,633,051	6,860,826	7,153,073
Retained Earning	Before Appropriation	14,630,869	14,712,992	18,130,947	23,117,034	20,207,438
	After Appropriation	14,179,830	14,262,145	16,102,149	20,174,022	19,753,015 (Note 2)
Other Components of Equity		(211,996)	(183,852)	(203,107)	(183,871)	(209,853)
Treasury Stock		(332)	(143)	-	-	-
Total Equity	Before Appropriation	25,567,021	25,669,652	29,069,332	34,321,700	31,694,889
	After Appropriation	25,115,982	25,218,805	27,040,534	31,378,688	31,240,466 (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 January 29, 2024, and will be reported at the Shareholders' Meeting on May 30, 2024.

c. Brief Consolidated Statements of Comprehensive Income

Unit: NT$'000

Item \ Year	2019	2020	2021	2022	2023
Operating Revenues	22,327,410	27,098,474	35,672,763	42,441,054	26,832,187
Gross Profit	2,760,739	5,819,054	10,525,845	15,711,556	6,757,506
Operating Income (loss)	(1,650,225)	1,340,579	5,004,566	9,576,339	1,042,247
Non-Operating Income & Expense	(196,033)	(217,310)	159,345	515,535	383,838
Income Before Income Tax (loss)	(1,846,258)	1,123,269	5,163,911	10,091,874	1,426,085
Net income (loss)	(1,947,268)	929,443	4,492,108	7,933,470	1,170,402
Other Comprehensive Income	(108,071)	(22,831)	(24,269)	102,874	(98,057)
Total Comprehensive Income	(2,055,339)	906,612	4,467,839	8,036,344	1,072,345
Net income (loss) Attributable to Shareholders of the Parent	(2,025,332)	541,914	3,858,984	6,976,792	47,516
Net income Attributable to Non-Controlling Interests	78,064	387,529	633,124	956,678	1,122,886
Comprehensive Income Attributable to Shareholders of the Parent	(2,113,080)	535,468	3,846,649	7,074,480	(14,497)
Comprehensive Income Attributable to Non-Controlling Interests	57,741	371,144	621,190	961,864	1,086,842
Earnings Per Share (loss) (in NT$)	(4.52)	1.21	8.56	15.47	0.11

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

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

Unit: NT$'000

Item \ Year	2019	2020	2021	2022	2023
Operating Revenues	16,116,157	20,651,500	27,235,597	34,251,019	19,342,946
Gross profit	1,106,605	3,058,264	6,831,912	11,123,870	2,706,747
Operating Income (loss)	(1,917,952)	241,446	3,367,072	7,106,474	(866,462)
Non-Operating Income & Expense	(107,729)	300,468	921,071	1,618,620	913,978
Profit (loss) from continuing operations before tax	(2,025,681)	541,914	4,288,143	8,725,094	47,516
Net income (loss)	(2,025,332)	541,914	3,858,984	6,976,792	47,516
Other Comprehensive Income	(87,748)	(6,446)	(12,335)	97,688	(62,013)
Total Comprehensive Income	(2,113,080)	535,468	3,846,649	7,074,480	(14,497)
Earnings (loss) per share (in NT$)	(4.52)	1.21	8.56	15.47	0.11

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
2019	Hong, Mao-Yi Cheng, Ching-Piao	Ernst & Young	Unmodified with on explanatory paragraph	None
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
2023	Chang, Chih-Ming Chen, Kuo-Shuai	Ernst & Young	Unmodified with on explanatory paragraph	Due to rotation rule

(2) Financial analyses for the past 5 fiscal years

(A) Consolidated

Analysis Items (Note 2) \ Year (Note 1)			2019	2020	2021	2022	2023
Capital Structure Analysis (%)	Debt Ratio		30.85	31.77	43.50	46.56	49.84
	Long Term Funds to Fixed Assets		145.17	158.08	142.85	131.97	134.52
Liquidity Analysis (%)	Current Ratio		178.40	201.89	188.98	182.78	205.97
	Quick Ratio		154.38	172.98	160.38	155.85	180.38
	Interest Coverage		(11.84)	15.64	64.65	55.95	5.30
Operation Performance Analysis	Average Collection Turnover (times)		5.87	6.63	7.04	7.86	5.67
	Average Collection Days		62	55	52	46	64
	Inventory Turnover (times)		5.34	6.24	6.12	5.82	4.94
	Average Payable Turnover (times)		4.27	4.41	4.09	3.64	2.94
	Average Inventory Turnover Days		68	59	60	63	74
	Fixed Assets Turnover (times)		1.03	1.30	1.39	1.14	0.59
	Total Assets Turnover (times)		0.53	0.64	0.71	0.65	0.36
Return On Investment Analysis	Return on Assets (%)		(4.35)	2.35	9.01	12.33	1.91
	Return on Equity (%)		(6.65)	3.20	14.45	22.10	3.00
	Income to Capital (%)	Operating Income	(36.58)	29.73	111.00	211.50	22.94
		Pre-Tax Income	(40.93)	24.91	114.54	222.89	31.38
	Net Income to Sales		(8.72)	3.43	12.59	18.69	4.36
	Earnings Per Share (NT$)		(4.52)	1.21	8.56	15.47	0.11
Cash Flow	Cash Flow Ratio (%)		28.61	49.94	75.63	103.82	43.87
	Cash Flow Adequacy Ratio (%)		80.08	83.41	78.23	80.14	74.68
	Cash Flow Re-Investment Ratio		4.32	8.11	13.30	15.54	3.28
Leverage	Operation Leverage		(2.91)	5.08	2.14	1.63	7.35
	Financial Leverage		0.92	1.06	1.02	1.02	1.47

Please explain why financial ratio has changed up to 20% in the most recent two years.
Due to net loss in 2023, interest coverage, 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, cash flow re-investment ratio, operating leverage and financial leverage changed by more than 20%; due to a decrease in revenue in 2023, average collection turnover, fixed assets turnover and total assets turnover 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)	2019	2020	2021	2022	2023
Capital Structure Analysis (%)	Debt Ratio		26.50	27.27	40.98	46.02	52.21
	Long Term Funds to Fixed Assets		177.21	189.55	163.41	141.46	139.15
Liquidity Analysis (%)	Current Ratio		206.09	215.43	201.68	172.29	187.06
	Quick Ratio		184.96	186.62	174.19	144.53	161.25
	Interest Coverage		(25.35)	11.88	69.90	71.72	1.20
Operation Performance Analysis	Average Collection Turnover (times)		5.83	7.02	7.32	8.06	5.11
	Average Collection Days		63	52	50	45	71
	Inventory Turnover (times)		6.72	7.96	7.21	6.75	5.35
	Average Payable Turnover (times)		5.10	5.49	4.73	4.18	3.25
	Average Inventory Turnover Days		54	46	51	54	68
	Fixed Assets Turnover (times)		1.00	1.37	1.41	1.14	0.51
	Total Assets Turnover (times)		0.45	0.59	0.64	0.61	0.30
Return on Investment Analysis	Return on Assets (%)		(5.53)	1.66	9.25	12.54	0.37
	Return on Equity (%)		(7.59)	2.12	14.10	22.01	0.14
	Income to Capital (%)	Operating Income	(42.52)	5.36	74.68	156.95	(19.07)
		Pre-Tax Income	(44.91)	12.02	95.11	192.70	1.05
	Net Income to Sales (%)		(12.57)	2.62	14.17	20.37	0.25
	Earnings Per Share (NT$)		(4.52)	1.21	8.56	15.47	0.10
Cash Flow	Cash Flow Ratio (%)		23.22	49.84	76.84	104.55	57.50
	Cash Flow Adequacy Ratio (%)		78.56	78.60	70.56	71.09	67.47
	Cash Flow Re-Investment Ratio		2.35	7.11	11.93	14.20	3.78
Leverage	Operation Leverage		(0.85)	14.84	2.01	1.54	(3.84)
	Financial Leverage		0.96	1.26	1.02	1.02	0.78

Please explain why financial ratio has changed up to 20% in the most recent two years.
Due to net loss in 2023, 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%.
Due to net loss in 2023, interest coverage, 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, cash flow re-investment ratio, operating leverage and financial leverage changed by more than 20%; due to a decrease in revenue and cost in 2023, average collection turnover, inventory turnover, average payable turnover, fixed assets turnover and total assets turnover 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, 2023. 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

January 29th, 2024
Taipei, Taiwan,
Republic of China

(4) For financial statement for the most recent fiscal year please refers to pages 262 to 400 .

(5) For a parent-company-only financial statement for the most recent fiscal year, certified by a CPA please refer to pages 144 to 261.

(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	2023	2022	Differences		Note
			Amount	%	
Current Assets	29,368,923	28,100,289	1,268,634	4.51	
Property, Plant and Equipment	31,623,152	31,552,538	70,614	0.22	Note 1
Prepayment for Equip.	15,811,883	11,836,510	3,975,373	33.59	Note 1
Other Assets	1,263,081	1,144,079	119,002	10.40	
Total Assets	78,067,039	72,633,416	5,433,623	7.48	
Current Liabilities	14,258,875	15,373,749	(1,114,874)	(7.25)	
Non-Current Liabilities	24,649,038	18,443,774	6,205,264	33.64	Note 2
Total Liabilities	38,907,913	33,817,523	5,090,390	15.05	
Capital	4,544,231	4,527,711	16,520	0.36	
Capital Surplus	7,153,073	6,860,826	292,247	4.26	
Retained Earning	20,207,438	23,117,034	(2,909,596)	(12.59)	
Other Shareholder Equity	7,254,384	4,310,322	2,944,062	68.30	Note 3
Total Shareholder Equity	39,159,126	38,815,893	343,233	0.88	

Analysis on ratio changes:

Note 1: Due to equipment vendors submitting invoices successively.

Note 2: Due to increases in deposits received and long-term loan.

Note 3: Due to increases in non-controlling intersts.

(2) Financial performance

Financial Performance Comparison Analysis

Unit: NT$'000

Item \ Year	2023	2022	plus(minus) Amount	plus (minus) Variation ratio (%)	Note
Operating Revenues	26,832,187	42,441,054	(15,608,867)	(36.78)	Note 1
Cost of Goods Sold	20,074,681	26,729,498	(6,654,817)	(24.90)	Note 2
Gross Profit	6,757,506	15,711,556	(8,954,050)	(56.99)	Note 3
Operating Expenses	5,715,259	6,135,217	(419,958)	(6.85)	
Operating Income	1,042,247	9,576,339	(8,534,092)	(89.12)	Note 4
Other Non-Operate Inc. and exp.	383,838	515,535	(131,697)	(25.55)	Note5
Pre-Tax Income	1,426,085	10,091,874	(8,665,789)	(85.87)	Note 6
Income Tax Expense	255,683	2,158,404	(1,902,721)	(88.15)	Note 7
Net Income	1,170,402	7,933,470	(6,763,068)	(85.25)	Note 8
Other comprehensive income (loss)	(98,057)	102,874	(200,931)	(195.32)	Note 9
Total comprehensive income	1,072,345	8,036,344	(6,963,999)	(86.66)	Note 10

Analysis on ratio changes:

Note 1, 2, 3, 4, 6, 7, 8, 10: Revenues have declined, profits have decreased, and operating income and income tax expenses have also decreased relatively.

Note 5: Due to decrease in the benefits of foreign exchange.

Note 9: 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, the demand for BT substrates is anticipated to surge driven by the need for modules, SiP, and RF components propelled by 5G smartphones. Additionally, the growth in High Bandwidth Memory (HBM) driven by servers, data centers, and related applications will further contribute to this increase. Furthermore, in the realm of ABF substrate products, the demand is expected to rise due to the influence of AI, IoT, HPC, machine learning, automotive applications, and the infrastructure development for 5G/6G. Our company will enhance efforts in developing multi-chip packaging technologies and expanding ABF FC-BGA substrate production capacity to uphold our competitiveness in both product offerings and technological advancements.

(3) Cash flow

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

Unit: NT$'000

Item \ Year	2023	2022	plus(minus) Amount	plus (minus) Variation ratio (%)
Net cash provided by operating activities	6,256,067	15,960,956	(9,704,889)	(60.80)
Net cash provided by investing activities	(12,486,482)	(16,534,731)	4,048,249	(24.48)
Net cash provided by financing activities	5,335,272	1,869,946	3,465,326	185.32

Analysis on cash flow changes:
1. Net cash provided by operating activities: Due to decreases in icome before income tax.
2. Net cash provided by investing activities: Due to decreases in capital expenditure.
3. Net cash provided by financing activities: Due to increases in 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
$13,595,293	$2,849,000	$(5,526,000)	$10,918,293	-	-

(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 2023, the parent company annual investment income was NT$655,034 thousand, decreased from NT$1,394,393 thousand in 2022. The decrease in profits is due to the fluctions in the global economy, there has been a decline in customer orders. 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 2023 interest rate and exchange gain or loss in 2023 is list as below:

Unit: NT$'000

Year / Item	2023
Net Exchange Gain (loss)	55,440
Net Sales	26,832,187
Income before Tax	1,426,085
Net Exchange Gain (loss)	0.21%
Net Exhange Gain (Loss) to Net Pre-Tax Profit Ratio	3.89%
Interest Revenue	517,093
Interest Revenue to Net Sales Income	1.93%
Interest Income to Pre-Tax Net Profit Ratio	36.26%
Interest Expense	331,807
Interest Expense to Net Sales Interest Ratio	1.24%
Interest Expense to Net Pre-Tax Profit Ratio	23.27%
Interest Income (Expense) to Net Pre-Tax Profit Ratio	12.99%

.

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 12.99% of our company’s pre-tax profit. Mostly choose low-risk bank deposits as their investment target to safeguard their principal and reduce risk. 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 2023, annual foreign exchange gain (loss) was only accounted for 0.21% 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 2023, 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 252 and 390. 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$1,785,000 thousand in R&D related field in 2024.

(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.

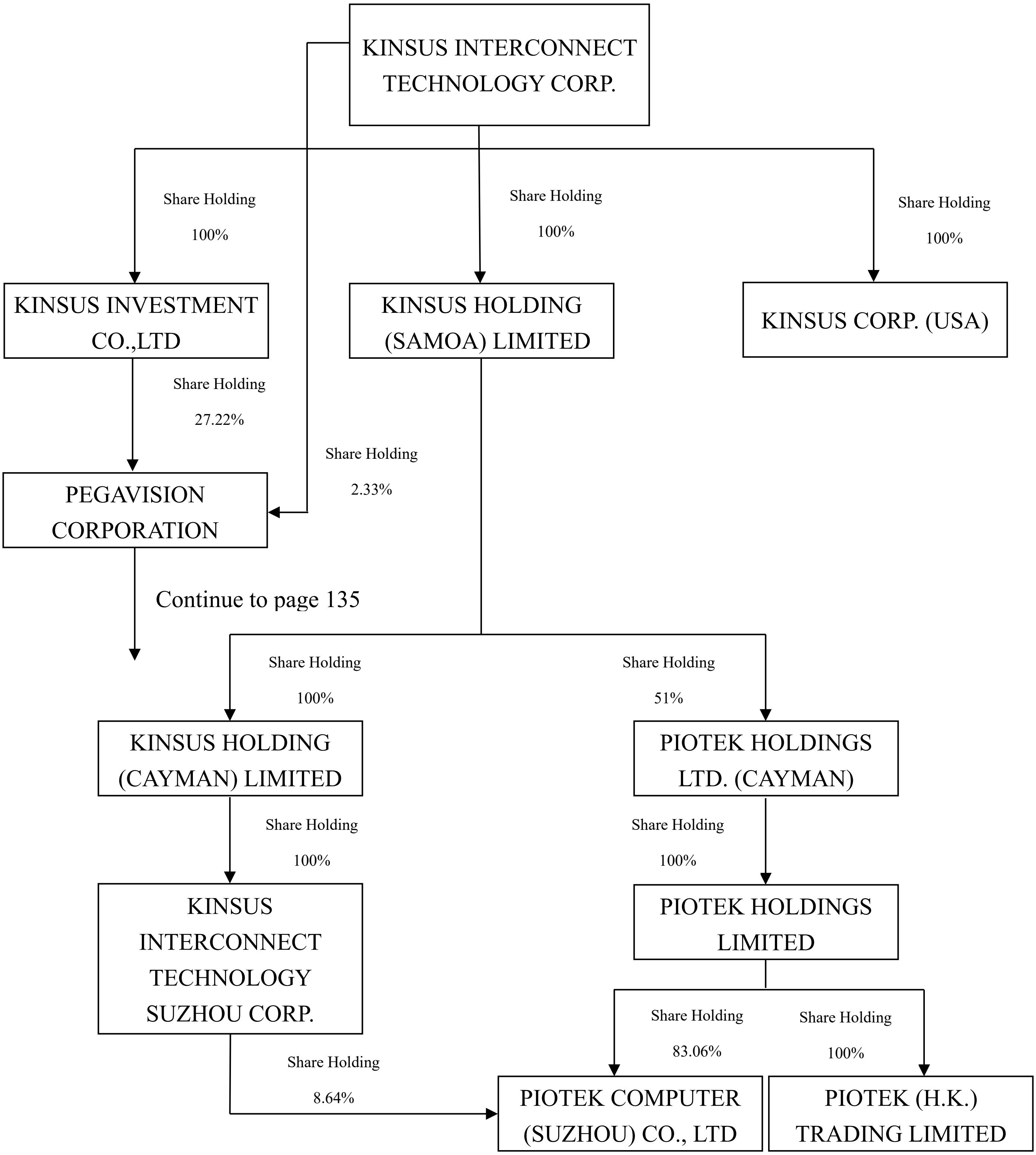
(7) Other important matters: None.

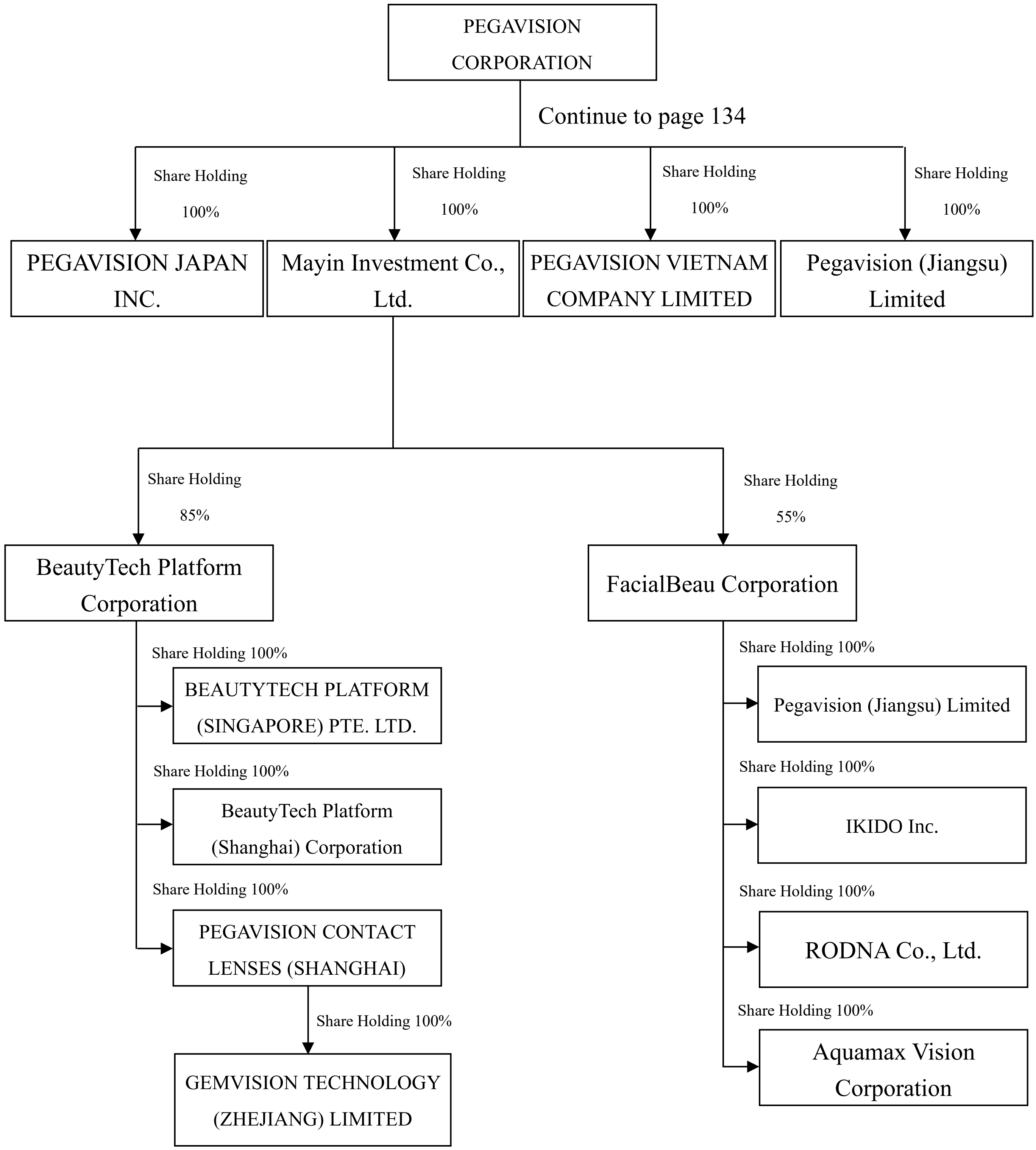
8. Other Items Deserving Special Mention

(1) Information related to the Company's affiliates

(A)Associat[es Consolidated Business Operation Report:

a. As of December 31, 2023, our company organization chart as shown below:




PEGAVISION CORPORATION
Continue to page 134
Share Holding 100%
PEGAVISION JAPAN INC.
Share Holding 100%
Mayin Investment Co., Ltd.
Share Holding 100%
PEGAVISION VIETNAM COMPANY LIMITED
Share Holding 100%
Pegavision (Jiangsu) Limited
Share Holding 85%
BeautyTech Platform Corporation
Share Holding 55%
FacialBeau Corporation
Share Holding 100%
BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.
Share Holding 100%
BeautyTech Platform (Shanghai) Corporation
Share Holding 100%
PEGAVISION CONTACT LENSES (SHANGHAI)
Share Holding 100%
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED
Share Holding 100%
Pegavision (Jiangsu) Limited
Share Holding 100%
IKIDO Inc.
Share Holding 100%
RODNA Co., Ltd.
Share Holding 100%
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	4,544,671	Electronic Parts and Components Manufacturing, Electronic materials wholesale and retail
KINSUS CORP. (USA)	2000.10.11	CA U.S.A.	15,363	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology
KINSUS HOLDING (SAMOA) LIMITED	2006.12.04	Samoa	5,048,394	Investing activities
KINSUS HOLDING (CAYMAN) LIMITED	2006.12.06	Cayman Islands	2,150,750	Investing activities
Kinsus Interconnect Technology Suzhou Corp.	2007.04.09	China, Suzhou	2,150,750	The production and distribution business of printed circuit boards (non-high-density fine line)
PIOTEK HOLDING LTD.(CAYMAN)	2009.12.16	Cayman Islands	5,768,772	Investing activities
PIOTEK HOLDING LIMITED	1999.08.13	British Virgin Islands	4,296,615	Investing activities
PIOTEK COMPUTER (SUZHOU) CO. LTD.	2000.02.17	China, Suzhou	6,166,508	Researching, developing, manufacturing, and selling innovative precision electronic components, circuit boards, and related products, while also providing after-sales services.
PIOTEK (HK) TRADING LIMITED	2009.12.12	Hong Kong	799	Trading activities
KINSUS INVESTMENT CO., LTD.	2009.08.12	Taoyuan City	1,600,000	Investing activities
PEGAVISION CORPORATION	2009.08.26	Taoyuan City	780,000	Manufacturing medical equipment
PEGAVISION JAPAN INC.	2015.05.15	Japan	2,151	Selling medical equipment
Mayin Investment Co., Ltd.	2021.08.19	Taoyuan City	210,000	Investing activities
BeautyTech Platform Corporation	2020.06.15	New Taipei City	100,000	Selling medical equipment and cosmetic products
BEAUTYTECH PLATFORM (SINGAPORE)PTE. LTD.	2022.08.30	Singapore	6,145	Selling medical equipment and cosmetic products
BeautyTech Platform (Shanghai) Corporation	2022.01.24	China, Shanghai	15,363	Selling medical equipment and cosmetic products

Company Name	Date of establishment	address	Paid-up capital (NT$ thousand)	Main businesses
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	2012.11.27	China, Shanghai	110,610	Selling medical equipment
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	2019.01.29	China, Zhejiang	95,437	Selling medical equipment
FacialBeau Corporation	2021.10.22	New Taipei City	50,000	Selling medical equipment and cosmetic products
Pegavision (Jiangsu) Limited (Note 1)	2022.02.25	China, Jiangsu	-	Selling medical equipment and cosmetic products
RODNA Co., Ltd.	2022.06.23	Korea	2,370	Selling medical equipment and cosmetic products
IKIDO Inc.	2022.03.14	Japan	2,151	Selling medical equipment and cosmetic products
Aquamax Vision Corporation	2020.07.29	America	33,798	Selling medical equipment and cosmetic products
Pegavision (Jiangsu) Limited	2021.03.15	China, Jiangsu	107,538	Selling and yielding medical equipment
PEGAVISION VIETNAM COMPANY LIMITED	2023.11.14	Vitman	167,144	Selling and yielding medical equipment

Note 1: As of December 31, 2023, the investment amount yet to be remitted.

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, 2023

Company Name	Title	Name or Representative person	Shares Held	
			# of Shares	Shareholding Percentage
KINSUS INTERCONNECT TECHNOLOGY CORP.	Director	Liao, Sih-Jheng	172,000	0.04%
	Director (Honorary Chairman)	Tong, Zi-Xian	240,000	0.05%
	Director	Guo, Ming-Dong	521,795	0.11%
	Director	Chen, He-Xu	408,002	0.09%
	Director	Asuspower Investment Co., Ltd. (Representative: Zhang, Qian-Wei)	55,556,221	12.22%
	Director	Asustek Investment Co., Ltd. (Representative: Hu, Gui-Qin)	58,233,091	12.81%
	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%
PIOTEK (HK) TRADING LIMITED	Director	Liao, Sih-Jheng	200,000	100%
PIOTEK COMPUTER (SUZHOU) CO., LTD.	Legal representative and General manager	Piotek Holdings Limited (Representative: Mu, Xian Jue)	-	83.06%
	Supervisors	Piotek Holdings Limited (Representative: Chen, Ji-Liang)		
KINSUS CORPORATION(USA)	Director	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Guo, Ming-Dong)	500,000	100%
	Director	Tong, Zi-Xian	-	-

Company Name	Title	Name or Representative person	Shares Held	
			# of Shares	Shareholding Percentage
KINSUS CORPORATION(USA)	Director	He, Ming-Sen	-	-
KINSUS HOLDING(SAMOA) LIMITED	Director	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Liao, Sih-Jheng)	164,308,720	100%
KINSUS HOLDING(CAYMAN) LIMITED	Director	KINSUS HOLDING (SAMOA) LIMITED (Representative: Liao, Sih-Jheng)	70,000,000	100%
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP	Legal representative and General manager	KINSUS HOLDING(CAYMAN) LIMITED (Representative: Mu, Xian Jue)	-	100%
	Supervisor	KINSUS HOLDING (CAYMAN) LIMITED (Representative: Liu, Su-Zhen)		
KINSUS INVESTMENT CO., LTD.	Chairman	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Tong, Zi-Xian)	160,000,000	100%
	Director	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Guo, Ming-Dong)		
	Director	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Wu, Xiang-Xiang)		
	Supervisor	KINSUS INTERCONNECT TECHNOLOGY CORP. (Representative: Shen, Yi-Zhong)		
PEGAVISION CORPORATION	Chairman and Chief Strategy Officer	Guo, Ming-Dong	1,325,533	1.7%
	Director	Tong, Zi-Xian	1,101,077	1.41%
	Director	KINSUS INVESTMENT CO., LTD. (Representative: Chen, He-Xu)	21,233,736	27.22%
	Director and General manager	KINSUS INVESTMENT CO., LTD. (Representative: Yang, De-Sheng)		
	Director	Asuspower Investment Co., Ltd. (Representative: Wen, Mu-Rong)	6,372,796	8.17%
	Director	Asuspower Investment Co., Ltd. (Representative: Hou, Wen-Yong)		

Company Name	Title	Name or Representative person	Shares Held	
			# of Shares	Shareholding Percentage
PEGAVISION CORPORATION	Independent Director	Li, Shu-Yu	-	-
	Independent Director	Yao, Ren-Lu		
	Independent Director	Lai, Qi-Wan		
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Director	BeautyTech Platform Corporation (Representative: Wang, Jing-Shiang)	-	100%
	Supervisor	BeautyTech Platform Corporation (Representative: Chen, Ji-Liang)		
PEGAVISION JAPAN INC.	President	PEGAVISION CORPORATION (Representative: Gao, Song-Ya)	198	100%
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	Director	Pegavision Contact Lenses (Shanghai) Corporation (Representative: Wang, Jing-Shiang)	-	100%
	Supervisor	Pegavision Contact Lenses (Shanghai) Corporation (Representative: Li, Guo-An)		
Pegavision (Jiangsu) Limited.	Director	PEGAVISION CORPORATION (Representative: Siang-Meng)	-	100%
	Generao Manager	PEGAVISION CORPORATION (Representative: Siang-Meng)		
	Supervisor	PEGAVISION CORPORATION (Representative: Li, Guo-An)		
BeautyTech Platform Corporation	Chairman	Tong, Zi-Xian	100,000	1%
	Vice Chairman	Guo, Ming-Dong	120,000	1.2%
	Supervisor	Mayin Investment Co., Ltd. (Representative: Li, Guo-An)	8,500,000	85%
Aquamax Vision Corporation	Director	FacialBeau Corporation (Representative: Liu, Hao-Yu)	11,000,000	100%
Mayin Investment Co., Ltd.	Chairman	PEGAVISION CORPORATION (Representative: Guo, Ming-Dong)	21,000,000	100%
FacialBeau 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%

Company Name	Title	Name or Representative person	Shares Held	
			# of Shares	Shareholding Percentage
BeautyTech Platform (Shanghai) Corporation	General manager	BeautyTech Platform Corporation (Representative: Liu, Hao-Yu)	-	100%
	Supervisor	BeautyTech Platform Corporation (Representative: Li, Guo-An)		
Pegavision (Jiangsu) Limited	Director	FacialBeau Corporation (Representative: Liu, Hao-Yu)	-	100%
	General manager	FacialBeau Corporation (Representative: Liu, Hao-Yu)		
	Supervisor	FacialBeau Corporation (Representative: Li, Guo-An)		
IKIDO INC.	President	FacialBeau Corporation (Representative: Liu, Hao-Yu)	198	100%
RODNA Co., Ltd.	President	FacialBeau 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	-	-
PEGAVISION VIETNAM COMPANY LIMITED	Director	PEGAVISION CORPORATION., (Representative: Chen Ji-Liang)	-	100%

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.	4,544,671	66,325,290	34,630,401	31,694,889	19,342,946	(866,462)	47,516	0.11
KINSUS CORP. (USA)	15,363	83,128	1,425	81,703	52,021	11,570	10,108	20.22
KINSUS HOLDING (SAMOA) LIMITED	5,048,394	2,701,241	0	2,701,241	2,343,517	(129,122)	142,911	0.87
KINSUS HOLDING (CAYMAN) LIMITED	2,150,750	2,349,909	0	2,349,909	2,350,410	27,832	202,631	2.93
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP	2,150,750	2,960,080	610,182	2,349,898	2,350,464	27,832	201,113	(註 1)
PIOTEK HOLDING LTD.(CAYMAN)	5,768,772	710,454	0	710,454	(6,622)	(171,179)	(120,780)	(0.64)
PIOTEK HOLDING LIMITED	4,296,615	710,454	0	710,454	(6,622)	(171,179)	(120,780)	(0.85)

Company Name	Capital	Total assets	Total liabilities	Net Value	Revenue	Operating income	Net income	Earnings per share
PIOTEK COMPUTER (SUZHOU) CO., LTD.	6,166,508	877,994	104,489	773,505	(6,622)	(170,694)	(119,307)	(Note 1)
PIOTEK (HK) TRADING LIMITED	799	67,964	0	67,964	0	(389)	1,536	7.76
KINSUS INVESTMENT CO., LTD.	1,600,000	3,342,761	449	3,342,312	0	(6,869)	469,280	2.93
PEGAVISION CORPORATION.,	780,000	13,123,154	3,215,472	9,907,682	5,976,139	1,732,244	1,655,902	22.83
PEGAVISION JAPAN INC.	2,151	777,162	647,907	129,255	3,037,807	57,936	42,034	212,297.98
Mayin Investment Co., Ltd.	210,000	688,008	219,393	468,615	14,400	5,554	128,085	6.10
BeautyTech Platform Corporation	100,000	760,358	394,088	366,270	879,100	153,612	156,991	15.70
BEAUTYTECH PLATFORM (SINGAPORE)PTE. LTD.	6,145	6,279	53	6,226	0	(150)	(109)	(0.55)
BeautyTech Platform (Shanghai) Corporation	15,363	43,386	14,045	29,341	45,036	584	577	(Note 1)
Pegavision Contact Lenses (Shanghai) Corporation	110,610	128,892	22	128,870	0	(881)	37,965	(Note 1)
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	95,437	244,630	123,674	120,956	534,531	41,697	41,302	(Note 1)
FacialBeau Corporation	50,000	63,087	17,686	45,401	68,756	(1,248)	(922)	(0.18)
Pegavision (Jiangsu) Limited (Note 2)	0	0	0	0	0	0	0	(Note 1)
RODNA Co., Ltd.	2,370	2,435	210	2,225	0	(60)	(57)	(Note 1)
IKIDO INC.	2,151	2,107	47	2,060	0	(70)	(93)	(469.70)
Aquamax Vision Corporation	33,798	7,211	530	6,681	0	(198)	(217)	(0.02)
Pegavision (Jiangsu) Limited	107,538	131,913	48,585	83,328	44,728	(11,614)	(9,964)	(Note 1)
PEGAVISION VIETNAM COMPANY LIMITED	167,144	166,639	0	166,639	0	(3)	(3)	(Note 1)

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：The investment amount has not been remitted as on December 31, 2023.

(B)Associates Consolidated Financial Report: please refer to page 262 to 400.

(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.

<u>English Translation of an Audit Report Originally Issued in Chinese</u>

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, 2023 and 2022, 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, 2023 and 2022, 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, 2023.

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 in the amount of NT$19,342,946 thousand for the year ended December 31, 2023 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multiple marketplaces, 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 various sale terms and conditions with major clients. We therefore determined revenue recognition a key audit matter. 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 in the sales cycle, taking samples to perform test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of revenue recognition from foreign warehouses with the timing of fulfilling performance obligation for sale agreement or orders, performing analytical review procedures on monthly sale revenues and the cut-off tests for a period before and after the balance sheet dates, etc. We have also considered the appropriateness of the revenue 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$1,792,341 thousand as of December 31, 2023. 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 inventory 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 and obsolete inventory, (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 certain invested associates accounted for using the equity method by the Company, which were audited by other independent auditors. The financial statements of certain invested associates as of December 31, 2023 and 2022, and for the years then ended were audited by other independent auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for using the equity method amounting to NT$424,357 thousand and NT$381,123 thousand as of December 31, 2023 and 2022 representing 0.64% and 0.60% of the Company's total assets, the related shares of income before tax from the associate using the equity method for the year then ended amounting to NT$(12,714) thousand and NT$53,319 thousand representing (26.76)% and 0.61% of the Company's income before tax, and the related shares of other comprehensive income from the associate using the equity method for the years then ended amounting to NT$20,182 thousand and NT$2,799 thousand representing (32.54)% and 2.87% 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 2023 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.

/s/Chang, Chih Ming

/s/Chen, Kuo Shuai

Ernst & Young
January 29th, 2024
Taipei, Taiwan,
Republic of China

<u>*Notice to Readers*</u>

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, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$13,048,646	20	$12,137,938	19
1110	Financial assets at fair value through profit or loss	4, 6(2)	546,647	1	540,099	1
1136	Financial assets measured at amortized cost	4, 6(3)	20,057	-	20,057	-
1150	Notes receivable, net	4, 6(4)	4,760	-	11,200	-
1170	Accounts receivable, net	4, 6(5)	3,334,121	5	4,178,881	7
1180	Accounts receivable - related parties, net	4, 6(5), 7	214	-	902	-
1200	Other receivables		78,051	-	577,835	1
1210	Other receivables - related parties	7	29,855	-	15,066	-
130x	Inventories, net	4, 6(6)	1,792,341	3	2,770,717	4
1410	Prepayments	7	953,461	1	626,084	1
1470	Other current assets		88,492	-	203,340	-
11XX	Total current assets		19,896,645	30	21,082,119	33
	Non-current assets					
1550	Investment accounted for using equity method	4, 6(7)	6,349,328	10	6,135,660	10
1600	Property, plant and equipment, net	4, 6(8), 7, 9	25,346,578	38	24,888,173	39
1780	Intangible assets	4, 6(9)	19,235	-	19,762	-
1840	Deferred tax assets	4, 6(26)	9,593	-	9,593	-
1915	Prepayment for equipment	4, 6(8), 9	14,673,820	22	11,411,585	18
1995	Other non-current assets	6(10), 6(17)	30,091	-	37,745	-
15XX	Total non-current assets		46,428,645	70	42,502,518	67
1XXX	Total Assets		$66,325,290	100	$63,584,637	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 Balance Sheets (Continued)

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2023		2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(11)	$500,000	1	$-	-
2130	Contract liability	4, 6(20)	984,899	2	33,923	-
2150	Notes payable		46,664	-	20,420	-
2170	Accounts payable		1,548,996	2	1,796,782	3
2180	Accounts payable - related parties	7	306,633	-	241,659	-
2200	Other payables	6(12), 7	4,548,098	7	6,918,469	11
2230	Current tax liabilities	4	846,928	1	1,792,657	3
2300	Other current liabilities	6(13)	1,839,873	3	1,065,121	2
2365	Refund liability	6(14)	14,393	-	367,137	-
21XX	Total current liabilities		10,636,484	16	12,236,168	19
	Non-current liabilities					
2527	Contract liability	4, 6(20)	3,912,317	6	2,441,184	4
2540	Long-term loans	6(15)	14,915,204	22	9,683,274	15
2600	Other non-current liabilities	4, 6(16), 6(17)	5,166,396	8	4,902,311	8
25XX	Total non-current liabilities		23,993,917	36	17,026,769	27
2XXX	Total liabilities		34,630,401	52	29,262,937	46
31xx	Equity attributable to shareholders of the parent company					
3100	Capital	6(18)				
3110	Common stock		4,544,231	7	4,527,711	7
3200	Capital surplus	6(18)	7,153,073	11	6,860,826	11
3300	Retained earnings	6(18)				
3310	Legal reserve		4,789,190	7	4,087,701	6
3320	Special reserve		147,938	-	203,108	-
3350	Unappropriated earnings		15,270,310	23	18,826,225	30
3400	Other components of equity		(209,853)	-	(183,871)	-
3XXX	Total equity		31,694,889	48	34,321,700	54
	Total liabilities and equity		$66,325,290	100	$63,584,637	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, 2023 and 2022

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

Code	Accounts	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenues	4, 6(20), 7	$19,342,946	100	$34,251,019	100
5000	Operating costs	7	(16,636,199)	(86)	(23,127,149)	(67)
5900	Gross profit		2,706,747	14	11,123,870	33
6000	Operating expenses	7				
6100	Sales and marketing		(259,423)	(1)	(376,186)	(1)
6200	General and administrative		(1,708,986)	(9)	(1,930,473)	(6)
6300	Research and development		(1,608,890)	(8)	(1,698,340)	(5)
6450	Expected credit gains (losses)	4, 6(21)	4,090	-	(12,397)	-
	Total operating expenses		(3,573,209)	(18)	(4,017,396)	(12)
6900	Operating income (losses)		(866,462)	(4)	7,106,474	21
7000	Non-operating income and expenses					
7100	Interest income	6(24)	418,196	2	50,416	-
7010	Other income	6(24), 7	80,550	-	156,584	-
7020	Other gains and losses	6(24), 7	753	-	140,608	-
7050	Finance costs	6(24)	(240,555)	(1)	(123,381)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method		655,034	3	1,394,393	4
	Total non-operating income and expenses		913,978	4	1,618,620	4
7900	Income before tax		47,516	-	8,725,094	25
7950	Income tax expense	4, 6(26)	-	-	(1,748,302)	(5)
8200	Net income		47,516	-	6,976,792	20
8300	Other comprehensive income	6(25)				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of the defined benefit plans		(14,711)	-	42,519	-
8360	Items that may be reclassified subsequently to profit or loss					
8380	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items that may be reclassified subsequently to profit or loss		(47,302)	-	55,169	-
	Other comprehensive income, net of tax		(62,013)	-	97,688	-
8500	Total comprehensive income		$(14,497)	-	$7,074,480	20
	Earnings per share (in NT$)					
9750	Basic earnings per share (in NT$)	6(27)	$0.11		$15.47	
9850	Diluted earnings per share (in NT$)	6(27)	$0.10		$15.07	

(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, 2023 and 2022

(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	Total Equity
Code	Items	3100	3200	3310	3320	3350	3410	3490	3XXX
A1	Balance as of January 1, 2022	$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 - ordinary shares					(2,028,798)			(2,028,798)
D1	Net income for 2022					6,976,792			6,976,792
D3	Other comprehensive income for 2022					42,519	55,169		97,688
D5	Total comprehensive income	-	-	-	-	7,019,311	55,169	-	7,074,480
H3	Reorganization		1,435			(1,645)			(210)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed		(292)			(2,781)			(3,073)
N1	Share-based payment transactions		498						498
T1	Restricted stock awards and others	19,270	226,134					(35,933)	209,471
Z1	Balance as of December 31, 2022	4,527,711	6,860,826	4,087,701	203,108	18,826,225	(147,938)	(35,933)	34,321,700
	Appropriation and distribution of 2022 earnings								
B1	Legal reserve			701,489		(701,489)			-
B3	Special reserve reversed				(55,170)	55,170			-
B5	Cash dividends - ordinary shares					(2,943,012)			(2,943,012)
D1	Net income for 2023					47,516			47,516
D3	Other comprehensive income for 2023					(14,711)	(47,302)		(62,013)
D5	Total comprehensive income	-	-	-	-	32,805	(47,302)	-	(14,497)
M7	Changes in ownership interests in subsidiaries		133,512						133,512
T1	Restricted stock awards and others	16,520	158,735			611		21,320	197,186
Z1	Balance as of December 31, 2023	$4,544,231	$7,153,073	$4,789,190	$147,938	$15,270,310	$(195,240)	$(14,613)	$31,694,889

(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, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	$47,516	$8,725,094
A20000	Adjustments:		
A20010	Adjustments to reconcile profit (loss):		
A20100	Depreciation	3,947,684	3,696,551
A20200	Amortization	51,287	49,923
A20300	Expected credit losses (gains)	(4,090)	12,397
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(6,548)	(2,944)
A20900	Interest expense	240,555	123,381
A21200	Interest income	(418,196)	(50,416)
A21900	Cost of share-based payment	55,344	47,882
A22300	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	(655,034)	(1,394,393)
A22500	Loss (gain) on disposal of property, plant and equipment	(10,798)	(27,085)
A23100	Loss (gain) on disposal of investment	-	6,650
A29900	Gain on government grants	(22,908)	(14,172)
A29900	Loss from fire	-	2,526
A30000	Changes in operating assets and liabilities:		
A31130	(Increase) decrease in notes receivable	6,440	(7,000)
A31150	(Increase) decrease in accounts receivable	848,850	70,035
A31160	(Increase) decrease in accounts receivable - related parties	688	10,205
A31180	(Increase) decrease in other receivables	554,160	(200,159)
A31190	(Increase) decrease in other receivables - related parties	(14,789)	2,927
A31200	(Increase) decrease in inventories	978,376	(493,589)
A31230	(Increase) decrease in prepayments	(327,377)	(251,168)
A31240	(Increase) decrease in other current assets	114,848	(33,342)
A31990	(Increase) decrease in net defined benefit assets	(7,269)	-
A32125	Increase (decrease) in contract liabilities	2,422,109	1,686,230
A32130	Increase (decrease) in notes payable	26,244	(5,899)
A32150	Increase (decrease) in accounts payable	(247,786)	6,828
A32160	Increase (decrease) in accounts payable - related parties	64,974	(369,493)
A32180	Increase (decrease) in other payables	(1,484,143)	1,177,258
A32230	Increase (decrease) in other current liabilities	(281)	(45,740)
A32240	Increase (decrease) in net defined benefit liabilities	-	(4,239)
A32990	Increase (decrease) in refund liability	(352,744)	299,008
A33000	Cash generated from (used in) operations	5,807,112	13,017,256
A33100	Interest received	363,820	47,669
A33200	Dividend received	1,092,400	360,000
A33300	Interest paid	(202,030)	(98,107)
A33500	Income tax paid	(945,729)	(534,424)
AAAA	Net cash provided by (used in) operating activities	6,115,573	12,792,394

Code	Items	2023	2022
BBBB	Cash flows from investing activities:		
B00050	Disposal of financial assets measured at amortized cost	-	59,980
B01800	Acquisition of investment accounted for using equity method	(564,210)	-
B02700	Acquisition of property, plant and equipment	(8,570,575)	(15,342,080)
B02800	Proceeds from disposal of property, plant and equipment	15,331	166,421
B03800	Decrease in refundable deposits	212	4,449
B04500	Acquisition of intangible assets	(50,760)	(59,831)
BBBB	Net cash provided by (used in) investing activities	(9,170,002)	(15,171,061)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	500,000	(391,991)
C01600	Increase in long-term loans	7,160,000	3,240,000
C01700	Repayment of long-term loans	(1,146,746)	(1,493,885)
C03000	Increase (decrease) in deposits received	246,978	3,078,618
C04500	Cash dividends	(2,943,012)	(2,028,798)
C04600	Proceeds from issuing shares	147,917	165,379
CCCC	Net cash provided by (used in) financing activities	3,965,137	2,569,323
EEEE	Net Increase (decrease) in cash and cash equivalents	910,708	190,656
E00100	Cash and cash equivalents at beginning of period	12,137,938	11,947,282
E00200	Cash and cash equivalents at end of period	$13,048,646	$12,137,938

(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 wholesale and retail of electronic materials, and the consultation services of business operation and management. The Company's stocks was approved on May 20, 2004 to be listed and traded in Taiwan Stock Exchange on 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 January 29, 2024.

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, 2023. The adoption of these new standards and amendments and interpretation of initial application 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(A) 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.

(B) 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.

(C) 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.

(D) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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 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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, how to determine the exchange rate to use and the additional disclosures to provide. The amendments apply to annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by the FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by the FSC. The new or amended 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, 2023 and 2022 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 provides 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 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 (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 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 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.

(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.

Additionally, 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 group 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 scope 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 affect 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 of 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 remaining 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 uses 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 statement of 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 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 (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 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 have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Moreover, 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 recorded gains 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 in 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 at 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 recognized 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,	
	2023 (NT$'000)	2022 (NT$'000)
Cash and petty cash	$-	$200
Checks and savings	1,844,210	3,599,362
Time deposit	11,204,436	8,538,376
Total	$13,048,646	$12,137,938

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

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Mandatorily measured at fair value through profit or loss:		
Money market fund	$512,952	$512,952
Valuation adjustment of financial assets measured at fair value through profit or loss	33,695	27,147
Total	$546,647	$540,099
Current	$546,647	$540,099
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,	
	2023 (NT$'000)	2022 (NT$'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,	
	2023 (NT$'000)	2022 (NT$'000)
Notes receivable – from operations	$4,760	$11,200
Less: loss allowance	-	-
Total	$4,760	$11,200

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,	
	2023 (NT$'000)	2022 (NT$'000)
Accounts receivable, gross	$3,354,298	$4,203,148
Less: loss allowance	(20,177)	(24,267)
Subtotal	3,334,121	4,178,881
Accounts receivable - related parties, gross	214	902
Less: loss allowance	-	-
Subtotal	214	902
Total accounts receivable, net	$3,334,335	$4,179,783

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

Note: The Group did not renew the contract after the expiration of the accounts receivable factoring contract. The credit limit was US$30,000 thousand as of December 31, 2022.

D. Accounts receivable are generally on 30-90 day terms. The total carrying amount for the years ended December 31, 2023 and 2022, were NT$3,354,512 thousand and NT$4,204,050 thousand, respectively. Please refer to Note 6 (21) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022, and refer to Note 12 for more details on credit risk management.

(6) Inventory

A. Details of inventory:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Raw material	$300,794	$400,941
Supplies	40,898	68,202
Work in process	932,941	1,496,606
Finished goods	440,280	737,519
Merchandises	77,428	67,449
Total	$1,792,341	$2,770,717

B. For the years ended December 31, 2023 and 2022, the Company recognized NT$16,636,199 thousand and NT$23,127,149 thousand under costs of sale, respectively. For the years ended December 31, 2023 and 2022, the Company recognized NT$2,811,071 thousand and NT$3,598,835 thousand, respectively, including 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,			
	2023		2022	
Investee companies	Amount (NT$'000)	Percentage of Ownership	Amount (NT$'000)	Percentage of Ownership
Investments in subsidiaries:				
KINSUS CORP. (USA)	$81,703	100.00%	$71,710	100.00%
KINSUS HOLDING (SAMOA) LIMITED	2,701,241	100.00%	3,230,275	100.00%
KINSUS INVESTMENT CO., LTD.	3,342,312	100.00%	2,841,401	100.00%
Pegavision Corporation	231,184	2.33%	-	-%
Unrealized gains	(7,112)		(7,726)	
Total	$6,349,328		$6,135,660	

A. Investments in subsidiaries

Investments in subsidiaries were presented in the parent-company-only financial statements under 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,	
	2023 (NT$'000)	2022 (NT$'000)
Owner-occupied property, plant and equipment	$25,346,578	$24,888,173

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 1/1/2023	$4,792,899	$7,576,824	$26,468,311	$182,586	$15,375	$6,095,204	$15,675,854	$60,807,053
Addition	-	7,400	290	-	-	213,239	7,452,542	7,673,471
Disposals	-	-	(154,195)	-	-	(128,064)	-	(282,259)
Other Changes	-	916,825	3,008,796	104,540	2,240	518,488	(4,550,889)	-
As of 12/31/2023	$4,792,899	$8,501,049	$29,323,202	$287,126	$17,615	$6,698,867	$18,577,507	$68,198,265
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)
Other changes	-	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
Depreciation and impairment:								
As of 1/1/2023	$-	$2,578,965	$17,367,239	$134,795	$8,011	$4,418,285	$-	$24,507,295
Depreciation	-	394,787	2,858,352	33,751	2,085	658,709	-	3,947,684
Disposal	-	-	(149,048)	-	-	(128,064)	-	(277,112)
Other changes	-	-	-	-	-	-	-	-
As of 12/31/2023	$-	$2,973,752	$20,076,543	$168,546	$10,096	$4,948,930	$-	$28,177,867
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)
Other changes	-	-	-	-	-	-	-	-
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)
Net carrying amount:								
As of 12/31/2023	$4,792,899	$5,527,297	$9,246,659	$118,580	$7,519	$1,749,937	$18,577,507	$40,020,398
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

B. "Significant components" of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful lives 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, 2023 (NT$'000)	As of December 31, 2022 (NT$'000)
Property, plant and equipment	$25,346,578	$24,888,173
Prepayment for equipment	14,673,820	11,411,585
Total	$40,020,398	$36,299,758

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, at RongHua Section, and No. 697 to 700 and 712 to 726 at DaPu 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 created with the Company being the obligee.

(9) Intangible assets

	Computer software (NT$'000)
Cost:	
As of January 1, 2023	$35,423
Additions – acquired separately	50,760
Derecognized upon retirement	(24,066)
As of December 31, 2023	$62,117
As of January 1, 2022	$24,913
Additions – acquired separately	59,831
Derecognized upon retirement	(49,321)
As of December 31, 2022	$35,423
Amortization and Impairment:	
As of January 1, 2023	$15,661
Amortization	51,287
Derecognized upon retirement	(24,066)
As of December 31, 2023	$42,882
As of January 1, 2022	$15,059
Amortization	49,923
Derecognized upon retirement	(49,321)
As of December 31, 2022	$15,661
Carrying amount, net:	
As of December 31, 2023	$19,235
As of December 31, 2022	$19,762

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Operating expense	$51,287	$49,923

(10) Other non-current assets

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Refundable deposits	$7,034	$7,246
Net defined benefit assets	23,057	30,499
Total	$30,091	$37,745

(11) Short-term loans

		As of December 31,	
	Interest interval (%)	2023 (NT$'000)	2022 (NT$'000)
Unsecured bank loans	1.50%	$500,000	$-

As of December 31, 2023 and 2022, the line of unused short-term loans credit for the Company amounted to NT$15,579,830 thousand and NT$16,655,955 thousand, respectively.

(12) Other payables

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Accrued expense	$2,402,458	$3,880,526
Payables to equipment suppliers	2,135,789	3,032,893
Accrued interest	9,851	5,050
Total	$4,548,098	$6,918,469

(13) Other current liabilities

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Other current liabilities	$40,790	$41,071
Current portion of long-term loans	1,781,022	1,009,213
Deferred revenue	18,061	14,837
Total	$1,839,873	$1,065,121

(14) Refund liability

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Refund liability	$14,393	$367,137

(15) Long-term loans

Details of long-term loans were as follows:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Unsecured bank loans	$16,696,226	$10,692,487
Less: current portion	(1,781,022)	(1,009,213)
Total	$14,915,204	$9,683,274
Interest interval (%)	1.15~1.895%	0.50%~1.53%

(a) Borrowing and repayment

In consideration of the fund use and the terms of the loan agreement, the Company repaid the long-term loans of NT$1,146,746 thousand and NT$1,493,885 thousand for the years ended December 31, 2023 and 2022, respectively. In addition, the Company proceeded with longterm loans of NT$7,160,000 thousand and NT$3,240,000 thousand for the years ended December 31, 2023 and 2022, respectively. Please refer to Note 6(24)(D) for interest expense.

(b) Government low-interest loan

The Company obtained government low-interest loans. The loans were measured at its fair value by applying the market interest rate. The deferred differences between the amounts paid and the fair value were classified as other current liabilities and other non-current liabilities, respectively.

(16) Other non-current liabilities

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

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Deposits received	$5,069,625	$4,822,647
Deferred revenue	96,771	79,664
Total	$5,166,396	$4,902,311

(b) The details of the deferred government grants income for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Beginning balance	$94,501	$65,254
Received during the period	43,239	43,419
Released to the statement of comprehensive income	(22,908)	(14,172)
Ending Balance	$114,832	$94,501
Current	$18,061	$14,837
Non-current	$96,771	$79,664

(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, 2023 and 2022 are NT$137,263 thousand and NT$144,263 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$6,830 to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, 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,	
	2023 (NT$'000)	2022 (NT$'000)
Current service costs	$-	$-
Net interest of defined benefit liability (asset)	(439)	133
Total	$(439)	$133

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

	As of		
	12/31/2023 (NT$'000)	12/31/2022 (NT$'000)	01/01/2022 (NT$'000)
Present value of defined benefit obligation	$136,382	$120,028	$152,441
Fair value of plan assets	(159,439)	(150,527)	(136,182)
Other non-current (assets) liabilities – defined benefit (assets) liabilities	$(23,057)	$(30,499)	$16,259

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)
1/1/2022	$152,441	$(136,182)	$16,259
Current service cost	-	-	-
Interest cost (income)	1,250	(1,117)	133
Past service cost and settlement	-	-	-
Subtotal	1,250	(1,117)	133
Remeasurement of defined benefit liabilities/assets:			
Actuarial gain/loss due to change in population statistic assumptions	8	-	8

	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	(12,176)	-	(12,176)
Experienced adjustment	(20,427)	(9,924)	(30,351)
Remeasurement of defined benefit assets	-	-	-
Subtotal	(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)
Current service cost	-	-	-
Interest cost (income)	1,728	(2,167)	(439)
Pasts service cost and settlement	-	-	-
Subtotal	1,728	(2,167)	(439)
Remeasurement of defined benefit liabilities/assets:			
Actuarial gain/loss due to change in population statistic assumptions	3,037	-	3,037
Actuarial gain/loss due to change in financial assumptions	2,574	-	2,574
Experienced adjustment	9,459	(359)	9,100
Remeasurement of defined benefit assets	-	-	-
Subtotal	15,070	(359)	14,711
Benefits paid	(444)	444	-
Contributions by employer	-	(6,830)	(6,830)
Effect of exchange rate	-	-	-
12/31/2023	$136,382	$(159,439)	$(23,057)

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

	As of December 31,	
	2023	2022
Discount rate	1.31%	1.44%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis:

	For the year ended December 31,			
	2023 (NT$'000)		2022 (NT$'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%	$-	$(9,704)	$-	$(8,851)
Discount rate decreased by 0.5%	10,617	-	9,710	-
Expected salary increased by 0.5%	10,382	-	9,507	-
Expected salary decreased by 0.5%	-	(9,596)	-	(8,764)

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, 2023 and 2022, 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, 2023 and 2022, the Company's paid-in capital were NT$4,544,231 thousand and NT$4,527,711 thousand, respectively, divided into 454,423 thousand and 452,771 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

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 approved by the 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 1,932,000 shares.

As of December 31, 2022, the Company recovered restricted stock awards in the amount of NT$50 thousand, which is not yet cancelled, and a resolution was passed by the Board of Directors on February 13, 2023 to set March 19, 2023 as the reference date of capital reduction.

A resolution was passed by the Company on February 13, 2023 to issue the restricted stock awards of 2,035,500 shares the second time, and to set March 20, 2023 as the reference date of capital increase, issuing the restricted stock awards of 1,448,000 shares.

A resolution was passed by the Company on April 28, 2023 to issue the restricted stock awards of 456,000 shares the third time, and to set May 19, 2023 as the reference date of capital increase, issuing the restricted stock awards of 280,000 shares.

On July 31, 2023, the Company passed the resolution in the board meeting to recover and cancel restricted stock awards, proceed with capital reduction of NT$245 thousand, and to set August 2, 2023 as the reference date of capital reduction.

On October 30, 2023, the Company passed the resolution in the board meeting to recover and cancel restricted stock awards, proceed with capital reduction of NT$75 thousand, and to set November 1, 2023 as the reference date of capital reduction.

As of December 31, 2023, the Company recovered restricted stock awards in the amount of NT$440 thousand, which is not yet cancelled, and a resolution was passed by the Board of Directors on January 29, 2024 to set January 30, 2024 as the reference date of capital reduction.

B. Capital surplus

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Additional paid-in capital	$6,281,107	$6,116,351
Differences between equity purchase price and carrying amount arising from acquisition or disposal of subsidiaries	52,567	52,567
Changes in ownership interests in subsidiaries	663,471	529,959
New shares of investee companies not purchased in proportion to shareholding ratio	7,484	7,484
Shared-based Payments	8,371	8,371
Restricted stocks for employees	140,073	146,094
Total	$7,153,073	$6,860,826

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. 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 financial planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholders' dividend distributed 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 equals 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 distributes 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 2023 and 2022 were approved through the Board of Directors’ meetings and shareholders’ meetings held on January 29, 2024 and May 31, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2023 (NT$’000)	2022 (NT$’000)	2023	2022
Legal reserve	$3,342	$701,489		
Appropriation (reversal) of special reserve	47,302	(55,170)		
Cash dividend – ordinary shares	454,423	2,943,012	$1.00	$6.50
Total	$505,067	$3,589,331		

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.

On February 13, 2023, the board of directors resolved to issue of 2,036 thousand shares. The measurement date was on March 20, 2023 and total shares issued were 1,448 thousand. The unit market price as of the granted date was NT$105.

On April 28, 2023, the board of directors resolved to issue of 456 thousand shares. The measurement date was on May 19, 2023 and total shares issued were 280 thousand. The unit market price as of the granted date was NT$108.

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 may not 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 in the amount of NT$146,059 thousand. The restricted stocks plan was invalidated as of December 31, 2023 and 26 thousand shares were recalled. As a result, capital reserve increased by NT$260 thousand and the unearned employee compensation amounted to NT$6,857 thousand.

On March 20, 2023, the issuance of 1,448 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option amounting to NT$109,469 thousand. The restricted stocks plan was invalidated as of December 31, 2023 and 22 thousand shares were recalled. As a result, capital reserve increased by NT$220 thousand and the unearned employee compensation amounted to NT$6,081 thousand.

On May 19, 2023, the issuance of 280 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option in the amount of NT$21,168 thousand. The restricted stocks plan was invalidated as of December 31, 2023 and 33 thousand shares were recalled. As a result, capital reserve increased by NT$330 thousand and the unearned employee compensation amounted to NT$1,675 thousand.

B. The expense recognized for employee services received is shown in the following table.

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Total expense arising from equity-settled share-based payment transactions	$55,344	$47,882

C. The Company did not modify the share-based payment plan for the years ended December 31, 2023 and 2022.

(20) Operating revenue

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Revenue from customer contracts		
Sales of goods	$18,029,739	$33,398,752
Other operating revenue	1,313,207	852,267
Total	$19,342,946	$34,251,019

Analysis of revenue from contracts with customers during the year ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2023

	IC Substrate (NT$'000)
Sales of goods	$18,029,739
Other	1,313,207
Total	$19,342,946
The timing for revenue recognition:	
At a point in time	$19,342,946

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

B. Contract balances

(a) Contract liabilities – current

	As of		
	12/31/2023 (NT$'000)	12/31/2022 (NT$'000)	01/01/2022 (NT$'000)
Sales of goods	$4,897,216	$2,475,107	$46,315
Current	$984,899	$33,923	$46,315
Non-Current	3,912,317	2,441,184	-
Total	$4,897,216	$2,475,107	$46,315

The significant changes in the Company's balances of contract liabilities for the year ended December 31, 2023 is as follows:

	Sales of goods
The opening balance transferred to revenue	$(918,560)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	3,340,669

The significant changes in the Company's balances of contract liabilities for the year ended December 31, 2022 is 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

(21) Expected credit losses (gains)

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Operating expenses – Expected credit (losses) gains		
Accounts receivable	$4,090	$(12,397)

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 counterparty financial institutions. As of December 31, 2023 and 2022, there was no other receivables past due. Furthermore, the Company assessed the related expected credit loss to be insignificant because the counterparty 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, 2023 and 2022 are as follows:

A. The Company 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:

December 31, 2023	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$'000)	Total (NT$'000)
Gross carrying amount	$2,996,179	$297,900	$65,153	$40	$-	$3,359,272
Loss ratio	-%	3.49%	15%	30%	50%	
Lifetime expected credit losses	-	(10,392)	(9,773)	(12)	-	(20,177)
Carrying amount of accounts receivable	$2,996,179	$287,508	$55,380	$28	$-	$3,339,095

December 31, 2022	Not past due	Past due				
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	Total
	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'000)	(NT$'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

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, 2023 and 2022 are as follows:

	Notes receivable (NT$'000)	Accounts receivable (NT$'000)
Beginning balance as of January 1, 2023	$-	$24,267
Addition/(reversal) for the current period	-	(4,090)
Ending balance as of December 31, 2023	$-	$20,177
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

(22) Leases

A. Company as a lessee

The Company leases various properties (land and buildings) and transportation equipment.

These leases' terms are between 1 and 3 years. For certain leases, unless obtaining consent form the lessor, the lessee may not, under its own discretion, lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person, all or part of the lease property.

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,	
	2023 (NT$'000)	2022 (NT$'000)
The expense relating to short-term leases (rent expenses)	$(14,064)	$(14,270)

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 under which the short-term lease expense was disclosed above, and the amount of its lease commitments was NT$0.

(b) Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases amounted to NT$14,064 thousand and NT$14,270 thousand, respectively.

B. Company as a lessor

The Company has entered into leases for the 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,	
	2023 (NT$'000)	2022 (NT$'000)
Lease income for operating leases		
Income relating to fixed lease payments	$3,091	$3,091

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, 2023 and 2022 are as follows:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Less than one year	$392	$392
More than one year but less than five years	1,144	1,537
Total	$1,536	$1,929

(23) Summary statement of employee benefits, depreciation and amortization was as follows:

	For the year ended December 31.	
	2023	2022
Employee benefit		
Salaries & wages	$3,402,917	$5,798,315
Labor and health insurance	379,440	380,575
Pension	137,263	144,396
Directors' remuneration	-	69,913
Other employee benefits	215,175	243,878
Depreciation	3,947,684	3,696,551
Amortization	51,287	49,923

Note 1: The headcounts of the Company amounted to 5,685 and 6,043, respectively, as of December 31, 2023 and 2022. Among the Company's directors, there were both 5 of them who were not concurrently employees.

Note 2: Companies which have been listed on Taiwan Stock Exchange or Taipei Exchange, should disclose the following information:

(1) Average employee benefits of 2023 and 2022 are NT$728 thousand and NT$1,088 thousand, respectively.
(2) Average salaries of 2023 and 2022 are NT$599 thousand and NT$961 thousand, respectively.
(3) Change in average salaries are 38%.
(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 years ended December 31, 2023 and 2022 at 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, 2023 amounted to NT$6,480 thousand, NT$0 thousand, respectively, and, for the year ended December 31, 2022 amounted to NT$1,198,514 thousand and NT$69,913 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$6,480 thousand and NT$0 thousand, respectively, in a meeting held on January 29, 2024.

The actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2023 were NT$1,198,514 thousand and NT$69,913 thousand, respectively. No material differences existed between the estimated amount for the year ended December 31, 2022 and the actual distribution of the employee compensation and remuneration to directors and supervisors.

(24) Non-operating incomes and expenses

A. Interest incomes

	For the year ended December 31,	
	2023 (NT$’000)	2022 (NT$’000)
Interest income		
Financial assets measured at amortized cost	$418,196	$50,416

B. Other incomes

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Government grants	$22,908	$14,172
Other income－others	57,642	142,412
Total	$80,550	$156,584

C. Other gains and losses

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Gain on disposal of property, plant and equipment	$10,798	$27,085
Foreign exchange gain (loss), net	(4,463)	119,755
Gain on valuation of financial assets at fair value through profit or loss	6,548	2,944
Loss from Fire (net)	-	(2,526)
Loss from disposal of investment	-	(6,650)
Other expenses	(12,130)	-
Total	$753	$140,608

D. Finance costs

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Interests on bank loans	$240,555	$123,381

(25) Components of other comprehensive income (OCI)

For the year ended December 31, 2023

	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 to be reclassified to profit or loss:					
Remeasurements of defined benefits plan	$(14,711)	$-	$(14,711)	$-	$(14,711)
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	(47,302)	-	(47,302)	-	(47,302)
Total OCI	$(62,013)	$-	$(62,013)	$-	$(62,013)

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 to be reclassified to profit or loss:					
Remeasurements of defined benefits plan	$42,519	$-	$42,519	$-	$42,519
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

(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,	
	2023 (NT$'000)	2022 (NT$'000)
Current income tax expense (benefit): Current income tax payable	$62,360	$1,748,657
Adjustment of current income tax from previous years in the current year	(62,360)	-
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	-	(355)
Total income tax expense	$-	$1,748,302

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,	
	2023 (NT$'000)	2022 (NT$'000)
Net income before tax	$47,516	$8,725,094
Tax payable at the enacted tax rates	$9,503	$1,745,019
Surtax on undistributed earnings	-	71,552
Tax effect of income tax-exempted	(98,602)	(104,949)
Tax effect of deferred tax assets/liabilities	89,096	36,680
Other adjustments according to the Tax Law	3	-
Total income tax recognized in profit or loss	$-	$1,748,302

C. Deferred tax assets (liabilities) relate to the following.

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023 (NT$'000)	Deferred tax income (expense) recognized in profit or loss (NT$'000)	Deferred tax income (expense) recognized in other comprehensive income (NT$'000)	Ending balance as of December 31, 2023 (NT$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	$9,593	$-	$-	$9,593
Deferred tax income/(expense)		$-	$-	
Net deferred tax assets/(liabilities)	$9,593			$9,593
Reflected in balance sheet as follows:				
Deferred tax assets	$9,593			$9,593
Deferred tax liabilities	$-			$-

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	-	-	-	-
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)			$-

D. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized amounted to NT$791,161 thousand and NT$702,065 thousand, respectively.

E. As of December 31, 2023, the following table contains information of the unused tax losses of the Company:

Year	Unused tax losses	Expiration year
2023 (planned)	$705,224	2033

F. As of December 31, 2023, the assessment of the income tax returns of the Company has been approved up to the year of 2021, but has not yet been approved for the year of 2020.

(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,	
	2023	2022
Net income attributable to common shareholders of the parent (NT$'000)	$47,516	$6,976,792
Weighted average number of common shares outstanding (in thousand shares)	452,221	451,027
Basic earnings per share (in NT$)	$0.11	$15.47

B. Diluted earnings per share

	For the year ended December 31,	
	2023	2022
Net income attributable to common shareholders of the parent (NT$'000)	$47,516	$6,976,792
Net income attributable to common shareholders of the parent after dilution (NT$'000)	$47,516	$6,976,792
Weighted average number of common shares outstanding (in thousand shares)	452,221	451,027
Effect of dilution:		
Employee bonus (compensation) – stock (in thousand shares)	1,441	11,809
Restricted stock awards (in thousand shares)	-	-
Weighted average number of common shares outstanding after dilution (in thousand shares)	453,662	462,836
Diluted earnings per share (in NT$)	$0.10	$15.07

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
COTEK ELECTRONICS (SUZHOU) Co., LTD.	Other related party

(2)Significant transactions with related parties

A.Sales

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Subsidiaries	$22,941	$20,717
Other related parties	237	3,360
Total	$23,178	$24,077

Selling prices and collection terms to related parties are similar to those to third party customers for the years ended December 31, 2023 and 2022. 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,	
	2023 (NT$'000)	2022 (NT$'000)
Kinsus Interconnect Technology Suzhou Corp.	$1,614,862	$2,926,925

The product specification of goods purchased from related parties in the year ended December 31, 2023 and 2022 differed from those purchased from other vendors. Thus, transaction prices were not comparable. The payment terms for related parties and non-related parties were 60 days and 30 to 90 days, respectively, from the end of delivery month by telegraphic transfer.

C.The Company recognized commission expenses in the amount of NT$52,285 thousand and NT$35,998 thousand, respectively, for the years ended December 31, 2023 and 2022, due to delegating its subsidiaries for marketing.

D.For the years ended December 31, 2023 and 2022, the Company recognized travelling expenses in the amount of NT$400 thousand and NT$157 thousand, respectively, for commissioning subsidiaries to handle travelling logistics.

E.The Company recognized other incomes in amount of NT$26,185 thousand and NT$1,136 thousand for the years ended December 31, 2023 and 2022, respectively, due to selling tools and spare parts to its subsidiaries.

F.For the years ended December 31, 2023 and 2022, the Company recognized operating expenses of NT$96 thousand and NT$2,770 thousand, respectively, for services provided by the parent.

G.For the year ended December 31, 2022, the Company recognized operating expenses of NT$1,828 thousand for services provided by its subsidiaries.

H.For the year ended December 31, 2022, the Company recognized operating expenses of NT$1,165 thousand for services provided by its associate.

I. For the years ended December 31, 2023 and 2022, the Company recognized operating expenses of NT$650 thousand and NT$239 thousand, respectively, for services provided by its subsidiaries.

J. 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.

K. For the year ended December 31, 2023, the Company recognized travelling of NT$597 thousand for commissioning associates to handle travelling logistics.

L. Accounts receivable - related parties

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Other related parties	$214	$902
Less: loss allowance	-	-
Net	$214	$902

M. Other receivables

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Subsidiaries	$29,855	$15,066

N. Account payable - related parties

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Subsidiaries	$306,633	$241,659

O.Accrued expenses

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Parent company	$5,695	$3,809
Subsidiaries	5,805	3,447
Other related parties	80,740	162,437
Total	$92,240	$169,693

P.Prepaid expenses

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Parent company	$14,742	$3,166
Subsidiaries	8	-
Other related parties	-	516
Total	$14,750	$3,682

Q.Detail of selling property, plant and equipment to related parties for the years ended December 31, 2023 and 2022, respectively, was as follows:

Variety	Related parties	Carrying Value	Price	Gain on disposal	Reference basis for price decision
2023					
Machinery	Subsidiaries	$5,094	$14,635	$9,541 (Note)	Bidding
2022					
Machinery	Subsidiaries	$1,425	$3,871	$2,446	Bidding

Note: The gains in the amount of NT$7,778 thousand were transferred to unrealized gains.

R.Property transection with related party

Variety	Related parties	Acquisition Price	Reference basis for price decision
2023.01.01~2023.12.31			
Machinery	Other related parties	$270,688	Bidding
Machinery	Subsidiaries	$1,259	Bidding
Machinery	Parent company	$19,130	Bidding
2022.01.01~2022.12.31			
Machinery	Other related parties	$169,921	Bidding
Machinery	Subsidiaries	$19,293	Bidding
Machinery	Parent company	$462	Bidding

S.Salaries and rewards to key management of the Company

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Short-term employee benefits	$130,387	$97,871
Post-employee benefits	927	972
Total	$131,314	$98,843

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Company's unused letters of credit (LC) as of December 31, 2023 were as follows:

Currency	LC Amount (in thousand)		Security (in thousand)
JPY	JPY	4,517,542	$-
USD	USD	7,216	-

(2) Detail of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2023 was as follows:

Nature of Contract	Contract Amount (NT$'000)	Amount Paid (NT$'000)	Outstanding Balance (NT$'000)
Machinery and construction contracts	$17,012,028	$12,278,268	$4,733,760

(3) The Company has entered into a long-term sales agreement with its customer. The customer shall 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

January 29, 2024, The Company's board of directors has approved an issuance of restricted stock awards in a meeting held on January 29, 2024. The total share volume to be issued are 2,700,000 shares. The estimated issuance price per share is 50% of the closing price of the ordinary shares issued on the date of the resolution. The final issuance terms and conditions are subjected to the shareholders' meeting.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through P/L	$546,647	$540,099
Financial assets measured at amortized cost (Note)	16,515,704	16,941,879
Total	$17,062,351	$17,481,978

Financial liabilities

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Financial liabilities measured at amortized cost:		
Short-term loans	$500,000	$-
Payables	6,450,391	8,977,330
Long-term loans (including current portion with maturity less than 1 year)	16,696,226	10,692,487
Total	$23,646,617	$19,669,817

Note: Financial assets measured at amortized cost includes cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable (including related parties) and other receivables (including related parties).

(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, 2023 and 2022 would decrease/increase by NT$104,404 thousand and NT$82,515 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, 2023 and 2022 would decrease/increase by NT$15,352 thousand and NT$7,093 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 rating agencies, 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, 2023 and 2022, receivables from the top ten customers accounted for 71.73% and 60.02% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively immaterial 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 good 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, 2023							
Loans	$2,527,975	$3,037,877	$3,714,949	$2,797,791	$2,599,553	$3,450,462	$18,128,607
Payables	6,450,391	-	-	-	-	-	6,450,391
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

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2023:

	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, 2023	$-	$10,692,487	$4,822,647	$15,515,134
Cash flows	500,000	6,013,254	246,978	6,760,232
Non-cash changes				
Other	-	(9,515)	-	(9,515)
As of December 31, 2023	$500,000	$16,696,226	$5,069,625	$22,265,851

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

(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. 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 Taipei Exchange, 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, 2023

	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	$546,647	$-	$-	$546,647
Financial liabilities:				
None				

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				

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2023 and 2022, 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, 2023, 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,					
	2023			2022		
	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)
Financial assets						
Monetary items:						
USD	$364,530	30.725	$11,200,190	$293,594	30.72	$9,018,480
Non-monetary item:						
USD	$90,980	30.725	$2,795,356	$108,359	30.72	$3,328,524
Financial liabilities						
Monetary items:						
USD	$24,729	30.725	$759,797	$24,970	30.72	$767,005

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	2023 (NT$'000)	2022 (NT$'000)
USD	$(14,373)	$120,179
Other	9,910	(424)

(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, 2023 (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, 2023: Please refer to attachment 3.

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, 2023: None.

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, 2023: 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, 2023: 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, 2023: 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, 2023 (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, 2023: Please refer to attachment 7.

(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, 2023: Please refer to attachment 8.

(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, 2023: 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, 2023: Please refer to attachment 9.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 10.

(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$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (NT$'000)	Investment Flows: Outflow (NT$'000)	Investment Flows: Inflow (NT$'000)	Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (NT$'000)	Profit/Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of December 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of December 31, 2023 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023 (NT$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	$2,150,750 (Note 2)	(2)	$2,150,750 (Note 2)	$-	$-	$2,150,750 (Note 2)	$201,113 (Note 2 and Note 4)	100%	$201,113 (Note 2 and Note 4)	$2,349,898 (Note 2 and Note 4)	$553,050	$1,597,700 (Note 2)	$1,597,700 (Note 2)	No upper limit (Note 5)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (NT$'000)	Profit/Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of December 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of December 31, 2023 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023 (NT$'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	$6,166,508 (Note 2)	(3) (Note 10)	$2,895,946 (Note 2)	$-	$-	$2,895,946 (Note 2)	$(119,307) (Note 2 and Note 4)	51%	$(60,847) (Note 2 and Note 4)	$394,487 (Note 2 and Note 4)	$-	$2,895,946 (Note 2)	$2,895,946 (Note 2)	No upper limit (Note 5)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (NT$'000)	Profit/Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of December 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of December 31, 2023 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023 (NT$'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)									
Pegavision (Jiangsu) Limited	Producing and Selling medical equipment	$101,205 (USD 3,500)	(1)	$85,620	$15,585	$-	$101,205	$(9,964) (Note 2 and Note 4)	29.55%	$(2,944) (Note 2 and Note 4)	$24,623 (Note 2 and Note 4)	$-	$101,205	$101,205	$5,988,144 (Note 6)
BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	$14,885 (USD 500)	(3) (Note 3)	$14,885	$-	$-	$14,885	$577 (Note 2 and Note 4)	29.55%	$145 (Note 2 and Note 4)	$7,370 (Note 2 and Note 4)	$-	$14,885	$14,885	$219,761 (Note 10)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (NT$'000)	Profit/Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of December 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of December 31, 2023 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023 (NT$'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)									
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	$112,559 (USD 3,600)	(3) (Note 8)	$112,559	$-	$-	$112,559	$37,965 (Note 2 and Note 4)	29.55%	$9,536 (Note 2 and Note 4)	$32,369 (Note 2 and Note 4)	$-	$95,043	$95,043	$219,761 (Note 10)
Gemvision Technology (Zhejiang) Limited	Selling medical equipment	$95,437 (RMB 22,000) (Note 2)	(3) (Note 9)	$-	$-	$-	$-	$41,302 (Note 2 and Note 4)	29.55%	$10,374 (Note 2 and Note 4)	$30,381 (Note 2 and Note 4)	$-	$-	$-	

Note 1: The investment methods are divided into the following three types, just indicate the types:

(1) Directly investment in mainland China.

(2) Reinvestment 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: An investee 100% held 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 headquarters 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 of Pagavision Corporation audited by independent auditors.

Note 7: 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 8: An investee 100% held and directly invested by Pegavision Contact Lenses (Shanghai) Corporation.

Note 9: 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 of BeautyTech Platform Corporation audited by independent auditors.

Note 10: The Company’s subsidiary, Piotek Computer (Suzhou) Co., Ltd., conducted a cash capital increase in September 2023. The Company’s subsidiary, Piotek Holding Limited, did not participate in the cash capital increase, and its ownership percentage decreased from 100.00% to 83.06%. Instead, the Company’s subsidiary, Kinsus Interconnect Technology Suzhou Corp, participated in the cash capital increase and its ownership percentage after the capital increase was 8.64%. However, the Company’s subsidiary, Kinsus Holding (Samoa) Limited, maintained an ultimate consolidated ownership percentage of 51%.

B. Significant transactions with investees in China.

(a) Purchase and balances of related accounts payable as of December 31, 2023:

	Purchases		Accounts Payable	
	Amount (NT$'000)	% to Net Purchase	Amount (NT$'000)	% to Account Balance
The Company's purchase from Kinsus Interconnect Technology Suzhou	$1,614,862	21.60%	$306,633	16.52%

The product specification of goods purchased by the Company from Kinsus Interconnect Technology Suzhou Corp. in the year ended December 31, 2023 differed from that of goods purchased from other vendors. Thus, transaction prices are not comparable. The payment term for related parties and non-related parties are both 60 days, 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 Kinsus Interconnect Technology Suzhou	USD 8	20.00%	-	-%
Sale of the Company to Kinsus Interconnect Technology Suzhou	$22,941	0.12%	-	-%

The product specification of goods sold between subsidiaries in the year ended December 31, 2023 differed from that of goods sold to other customers. Thus, transaction prices cannot be reasonably compared. Sales from 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	$5,094	$14,635	$9,541	Negotiated price
				(Note)	

Note: For the three-month period ended March 31, 2023, the Company wrote off NT$7,778 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2023, unrealized gain on disposal of property, plant and equipment amounted to NT$7,112 thousand, and was 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 in the amount of NT$26,185 thousand for the year ended December 31, 2023.

b. As of December 31, 2023, the balance of other receivables amounted to NT$29,855 thousand. The other receivables resulted from the Company's sale of fixtures to Kinsus Interconnect Technology Suzhou Corp.

(4) Information on major shareholders:

Share ownership / Name	Number of shares held (shares)	Ownership ratio
Asus Investment Co., Ltd.	60,128,417	13.23%
Asustek Investment Co., Ltd.	58,233,091	12.81%
Asuspower Investment	55,556,221	12.22%

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, 2023

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$154,901 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, 2023

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, 2023				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	-%	$275,475	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	271,172	
	Subtotal				512,952		$546,647	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				33,695			
	Total				$546,647			

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

Kinsus Interconnect Technology Corp.

Individual Securities Acquired or Disposed of with accumulated amount of At Least NT$300 Million or 20% of The Paid-In Capital

For the Year Ended December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Types and Names of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning balance		Acquisition		Disposal				Ending balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carry Value	Gain/Loss on Disposal	Shares/Units	Amount
Kinsus Interconnect Technology Corp.	Stocks: Pegavision Corporation	Investment accounted for using the equity method	-	Parent company	-	$-	1,820,034	$564,210	-	$-	$-	$-	1,820,034	$564,210

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, 2023

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	$1,614,862	21.60%	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 apply payment within 30~90 days from the end of delivery month	Accounts payable $(306,633)	(10.38)%	

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, 2023

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, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2022	As of December 31, 2023	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%	$81,703	$10,108	$10,108	
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 164,309	USD 164,309	164,308,720	100.00%	$2,701,241	$142,911	$158,464 (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%	$3,342,312	$469,280	$469,280	
Kinsus Interconnect Technology Corp.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	Not applicable	$564,210 (Note 3)	1,820,034	2.33%	$231,184	$1,655,902	$17,182	
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	$252,455 (Note 1)	$252,455 (Note 1)	21,233,736	27.22%	$2,697,142	$1,655,902	$479,390	
Kinsus Investment Co., Ltd.	FuYang Technology Corporation	Taiwan	Electronic Parts and Components Manufacturing	$929,422	$929,422	64,176,872	35.65%	$388,776	$(34,736)	$(12,385)	
Kinsus Investment Co., Ltd.	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	Not applicable	$30,000 (Note 4)	3,000,000	17.65%	$29,725	$(1,557)	$(275)	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 72,000	USD 70,000	70,000,000	100.00%	USD 76,482	USD 6,595	USD 6,595	
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD 11,793	USD (3,931)	USD (2,005)	
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD 23,123	USD (3,931)	USD (3,931)	
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,212	USD 50	USD 50	
Pegavision Corporation	PEGAVISION JAPAN INC.	Japan	Selling Medical equipment	JPY 9,900	JPY 9,900	198	100.00%	$129,255	$42,034	$42,034	
Pegavision Corporation	Mayin Investment Co., Ltd.	Taiwan	Investing activities	$246,003	$246,003	21,000,000	100.00%	$468,615	$128,085	$128,085	
Pegavision Corporation	PEGAVISION VIETNAM COMPANY LIMITED	Vietnam	Manufacturing and selling medical equipment	Not applicable	$170,830	-	100.00%	$166,639	$(3)	$(3)	
Pegavision Corporation	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	Not applicable	$20,000	20,000,000	11.76%	$19,817	$(1,557)	$(183)	
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	$107,500	$107,500	8,500,000	85.00%	$311,329	$156,991	$133,442	
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	$27,500	$27,500	2,750,000	55.00%	$24,970	$(922)	$(507)	
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	USD 200	USD 200	200,000	100.00%	$6,228	$(109)	$(109)	
FacialBeau International Corporation	Aquamax Vision Corporation	U.S.A.	Selling medical equipment and cosmetic products	USD 1,100	USD 1,100	11,000,000	100.00%	$6,683	$(217)	$(217)	
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	KRW 100,000	KRW 100,000	-	100.00%	$2,224	$(57)	$(57)	
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	Not applicable	JPY 9,900	198	100.00%	$2,059	$(93)	$(93)	

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 142,911 thousand, realized benefits on upstream transactions of 26,540 thousand and the unrealized benefits on upstream transactions of 10,987 thousand.

Note 3: The Company participated in the cash capital increase of Pegavision Corporation and acquired 1,820,034 shares at a price of NT$310 per share on September 7, 2023. The Company's investment amount was NT$564,210 thousand.

Note 4: Kinsus Investment Co., Ltd. invested Zhuhe Investment Co., Ltd. with 3,000,000 shares in cost of NT$30,000 thousand in August 2023.

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, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

				As of December 31, 2023				Guarantee, Pledge or Other Restricted Conditions		
Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	Shares (Unit)	Carrying Amount	%	Fair Value	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	-%	$12,112	-	$-	
Pegavision Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	6,400,626	99,464	-%	$2,410,211	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	6,475,107	108,390	-%				
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	88,870,417	1,145,000	-%				
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss	67,078,751	1,054,557	-%				
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	-%	$31,080	-	$-	
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss	1,653,209	26,000	-%				
BeautyTech Platform Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,221,592	34,235	-%	$183,569	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	502,952	8,360	-%				
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss	8,932,500	140,000	-%				
FacialBeau International Corporation	Money market funds:									
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	673,797	10,600	-%	$10,605	-	$-	
	Valuation adjustments of financial assets at fair value through profit or loss				4,657					
	Total				$2,647,577					
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.

Individual Securities Acquired or Disposed of with accumulated amount of At Least NT$300 Million or 20% of The Paid-In Capital

For the Year Ended December 31, 2023

Attachment 7

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount	
Pegavision Corporation	Money market funds:														
	Yuanta Wan-Tai Money Market Fund Market Fund	Financial assets at fair value through profit or loss	-	-	17,190,427	$264,208	40,450,950	$623,500	51,240,751	$790,500	$788,035	$2,464	6,400,626	$99,550	
											$(122)				Note
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	18,482,095	$306,237	30,343,170	$504,500	42,350,158	$704,500	$702,110	$2,390	6,475,107	$108,558	
											$(69)				Note
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$-	192,441,379	$2,475,000	103,570,962	$1,332,197	$1,330,000	$2,197	88,870,417	$1,146,384	
											$1,384				Note
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$-	273,100,204	$4,280,224	206,021,453	$3,230,800	$3,225,667	$5,133	67,078,751	$1,055,719	
											$1,162				Note
Kinsus Interconnect Technology Suzhou Corp.	Piotek Computer (Suzhou) Corporation	Investment accounted for using equity method	-	Associate	-	$-	-	USD 17,340	-	$-	$-	$-	-	USD 17,340	

Note: It is the valuation adjustment related to the financial assets recognized at fair value

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Individual Securities Acquired or Disposed of with accumulated amount of At Least NT$300 Million or 20% of The Paid-In Capital

For the Year Ended December 31, 2023

Attachment 8

(In Thousands of Foreign Currency / New Taiwan Dollars)

The Company that acquired the real estate	Name of Property	Date of occurrence (Note 1)	Transaction amount	Payment status	Transaction Parties	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	Land	2023.09.21	$1,912,290	By Contract Note 3	Pegatron Corporation	Ultimate parent company	ASUSTEK COMPUTER INCORPORATION	Non-related party	2008.01	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Buildings	2023.09.21	$1,127,710	By Contract Note 3	Pegatron Corporation	Ultimate parent company	ASUSTEK COMPUTER INCORPORATION	Non-related party	2008.01	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
PEGAVISION VIETNAM COMPANY LIMITED	Right-of-use assets-land	2023.07.05	USD $8,800	By Contract Note 4	GREEN i-PARK CORPORATION	-	-	-	-	-	The transaction amount refer to professional appraisal institutions.	Capacity expansion.	None

Note1: 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.

Note 2: The total transferred amount was NT$1,415,191 thousand.

Note 3: As of December 31, 2023, NT$600,000 thousand was paid.

Note 4: NT$161,853 thousand (US$5,280 thousand) was paid.

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, 2023

Attachment 9

(In Thousands of Foreign Currency / New Taiwan 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 51,999	68.87%	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 10,321	71.10%	
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	$2,961,338	49.55%	Payment within 90 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $584,894	54.70%	
Pegavision Corporation	BeautyTech Platform Corporation	Also a subsidiary under the Company's control	Sales	$296,073	4.95%	Payment within 120 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $114,430	10.70%	
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Also a subsidiary under the Company's control	Sales	$274,483	4.59%	Payment within 180 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $59,203	5.54%	

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, 2023

Attachment 10

(In Thousands of Foreign Currency / New Taiwan 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 10,321 (Note)	5.65	$-	-	$-	$-
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	$584,894 (Note)	6.44	$-	-	$-	$-
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	$114,430 (Note)	2.77	$-	-	$-	$-

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, 2023 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

January 29th, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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 2023 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 in the amount of NT$26,832,187 thousand for the year ended December 31, 2023 is a material account to the Company's consolidated financial statements. The Company has conducted these sale activities in multiple marketplaces, 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 various sale terms and conditions with major clients. We therefore determined revenue recognition a key audit matter. 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 in the sales cycle, taking samples to perform test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of timing of revenue recognition from foreign warehouses with the timing of fulfilling performance obligation for sale agreement or orders, performing analytical review procedures on monthly sale revenues and the cut-off tests for a period before and after the balance sheet dates, etc. We have also considered the appropriateness of the revenue disclosure in Notes 4 and 6 to the consolidated financial statements.

Market valuation on Inventory

The Company's inventory amounted to NT$2,611,682 thousand as of December 31, 2023. 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 and the assessment of appropriateness of loss allowance of value decline and slow-moving inventory requires significant management judgement, we therefore determined inventory valuation one of the key audit matters.

Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment of the loss from slow-moving and obsolete inventory (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 invested associates accounted for using the equity method by the Group, which were audited by other independent auditors. The financial statements of certain invested associates. as of December 31, 2023 and 2022 and for the years then ended were audited by other independent auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for using the equity method amounting to NT$438,318 thousand and NT$381,123 thousand as of December 31, 2023 and 2022 representing 0.56% and 0.53% of the Company's consolidated total assets, the related shares of income before tax from the associate using the equity method for the years then ended amounting to NT$ (12,843) thousand and NT$53,319 thousand representing (0.90)% and 0.53% of the Company's consolidated income before tax, and the related shares of other comprehensive income from the associate using the equity method for the years then ended amounting to NT$20,182 thousand and NT$2,799 thousand representing (20.58)% and 2.72% 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 2023 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.

Other matters

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, 2023 and 2022.

/s/Chang, Chih Ming

/s/Chen, Kuo Shuai

Ernst & Young
January 29th, 2024
Taipei, Taiwan,
Republic of China

<u>Notice to Readers</u>

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, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$15,700,767	20	$16,684,198	23
1110	Financial assets at fair value through profit or loss	4, 6(2)	3,194,224	4	1,218,551	2
1136	Financial assets measured at amortized cost	4, 6(3)	2,118,426	3	20,057	-
1150	Notes receivable, net	4, 6(5)	4,760	-	11,200	-
1170	Accounts receivable, net	4, 6(6)	4,293,765	6	5,035,681	7
1180	Accounts receivable - related parties, net	4, 6(6), 7	367	-	2,924	-
1200	Other receivables		140,790	-	606,035	1
130x	Inventories, net	4, 6(7)	2,611,682	3	3,480,943	5
1410	Prepayments	7	1,036,628	1	659,751	1
1470	Other current assets		267,514	-	380,949	-
11xx	Total current assets		29,368,923	37	28,100,289	39
	Non-current assets					
1517	Financial asset at fair value through OCI	4, 6(4)	51,000	-	51,000	-
1550	Investment accounted for using equity method	4, 6(8)	438,318	1	381,123	1
1600	Property, plant and equipment, net	4, 6(9), 7, 8, 9	31,623,152	41	31,552,538	43
1755	Right-of-use asset	4, 6(23), 7	420,903	1	517,233	1
1780	Intangible assets	4, 6(10)	41,844	-	48,023	-
1840	Deferred income tax assets	4, 6(27)	47,983	-	27,386	-
1900	Other non-current assets	6(11), 6(18), 8	263,033	-	119,314	-
1915	Prepayment for acquiring machinery	6(9), 9	15,811,883	20	11,836,510	16
15xx	Total non-current assets		48,698,116	63	44,533,127	61
1xxx	Total Assets		$78,067,039	100	$72,633,416	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, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	$1,408,619	2	$376,620	-
2130	Contract liability	4, 6(21)	1,072,455	1	112,683	-
2150	Notes payable		47,253	-	24,330	-
2170	Accounts payable		2,053,559	3	2,148,750	3
2200	Other payables	6(13), 7	6,356,260	8	8,624,862	12
2230	Current income tax liabilities	4	971,330	1	1,926,949	3
2280	Lease liability	4, 6(23), 7	133,272	-	132,253	-
2300	Other current liabilities	6(14)	1,963,440	3	1,481,521	2
2365	Refund liability	4, 6(15)	252,687	-	545,781	1
21xx	Total current liabilities		14,258,875	18	15,373,749	21
	Non-current liabilities					
2527	Contract liability	4, 6(21)	3,912,317	5	2,441,184	4
2540	Long-term loans	6(16), 8	15,280,296	20	10,770,014	15
2570	Deferred income tax liabilities	4, 6(27)	65,368	-	37,335	-
2580	Lease liability	4, 6(23), 7	140,048	-	231,107	-
2600	Other non-current liabilities	6(17)	5,251,009	7	4,964,134	7
25xx	Total non-current liabilities		24,649,038	32	18,443,774	26
2xxx	Total liabilities		38,907,913	50	33,817,523	47
31xx	Equity attributable to shareholders of the parent					
3100	Capital	6(19)				
3110	Common stock		4,544,231	6	4,527,711	6
3200	Capital surplus	6(19)	7,153,073	9	6,860,826	9
3300	Retained earnings	6(19)				
3310	Legal reserve		4,789,190	6	4,087,701	5
3320	Special reserve		147,938	-	203,108	1
3350	Unappropriated earnings		15,270,310	20	18,826,225	26
3400	Other components of equity		(209,853)	-	(183,871)	-
36xx	Non-controlling interests	6(19)	7,464,237	9	4,494,193	6
3xxx	Total equity		39,159,126	50	38,815,893	53
	Total liabilities and equity		$78,067,039	100	$72,633,416	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, 2023 and 2022

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

Code	Items	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenues	4, 6(21), 7	$26,832,187	100	$42,441,054	100
5000	Operating costs		(20,074,681)	(75)	(26,729,498)	(63)
5900	Gross profit		6,757,506	25	15,711,556	37
6000	Operating expenses	7				
6100	Sales and marketing		(842,593)	(3)	(934,428)	(2)
6200	General and administrative		(2,458,259)	(9)	(2,665,967)	(6)
6300	Research and development		(2,396,867)	(9)	(2,511,381)	(6)
6450	Expected credit losses	4, 6(22)	(17,540)	-	(23,441)	-
	Total operating expenses		(5,715,259)	(21)	(6,135,217)	(14)
6900	Operating income		1,042,247	4	9,576,339	23
7000	Non-operating incomes and expenses					
7100	Interest income	6(25)	517,093	2	83,239	-
7010	Other incomes	6(25), 7	170,946	1	248,183	-
7020	Other gains or losses	6(25), 7	40,449	-	314,449	1
7050	Finance costs	6(25), 7	(331,807)	(2)	(183,655)	-
7060	Share of the profit or loss of associates and joint ventures accounted for using equity method	6(8)	(12,843)	-	53,319	-
	Total non-operating incomes and expenses		383,838	1	515,535	1
7900	Income before income tax		1,426,085	5	10,091,874	24
7950	Income tax expense	4, 6(27)	(255,683)	(1)	(2,158,404)	(5)
8200	Net income		1,170,402	4	7,933,470	19
8300	Other comprehensive income	6(26)				
8310	Item that not be reclassified to profit or loss					
8311	Actuarial gain (loss) from defined benefit plans		(14,711)	-	42,519	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		(103,528)	-	57,556	-
8370	Share of the other comprehensive income of associates and joint ventures accounted for using equity method		20,182	-	2,799	-
	Total other comprehensive income, net of tax		(98,057)	-	102,874	-
8500	Total comprehensive income		$1,072,345	4	$8,036,344	19
8600	Net income attributable to:					
8610	Shareholders of the parent		$47,516	-	$6,976,792	17
8620	Non-controlling interests		1,122,886	4	956,678	2
			1,170,402	4	7,933,470	19
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		$(14,497)	-	$7,074,480	17
8720	Non-controlling interests		1,086,842	4	961,864	2
			$1,072,345	4	$8,036,344	19
9750	Earnings per share-basic (in NTD)	6(28)	$0.11		$15.47	
9850	Earnings per share-diluted (in NTD)	6(28)	$0.10		$15.07	

(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, 2023 and 2022

(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	Total	Non-controlling Interests	Total Equity
Code	Items	3100	3200	3310	3320	3350	3410	3490	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	$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 - ordinary 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, net of tax, for 2022					42,519	55,169		97,688	5,186	102,874
D5	Total comprehensive income	-	-	-	-	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 acquire or disposed		(292)			(2,781)			(3,073)	10,130	7,057
N1	Share-based payments		498						498		498
O1	Non-controlling interests increase (decrease)								-	(392,013)	(392,013)
T1	Restricted employee stocks and others	19,270	226,134					(35,933)	209,471		209,471
Z1	Balance as of December 31, 2022	4,527,711	6,860,826	4,087,701	203,108	18,826,225	(147,938)	(35,933)	34,321,700	4,494,193	38,815,893
	Appropriation and distribution of 2022 earnings										
B1	Legal reserve			701,489		(701,489)			-		-
B3	Special reserve				(55,170)	55,170			-		-
B5	Cash dividends - ordinary shares					(2,943,012)			(2,943,012)		(2,943,012)
D1	Net income for 2023					47,516			47,516	1,122,886	1,170,402
D3	Other comprehensive income, net of tax, for 2023					(14,711)	(47,302)		(62,013)	(36,044)	(98,057)
D5	Total comprehensive income	-	-	-	-	32,805	(47,302)	-	(14,497)	1,086,842	1,072,345
M7	Changes in ownership interests in subsidiaries		133,512						133,512	(75,126)	58,386
O1	Non-controlling interests increase (decrease)								-	1,958,328	1,958,328
T1	Restricted employee stocks and others	16,520	158,735			611		21,320	197,186		197,186
Z1	Balance as of December 31, 2023	$4,544,231	$7,153,073	$4,789,190	$147,938	$15,270,310	$(195,240)	$(14,613)	$31,694,889	$7,464,237	$39,159,126

(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, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022
AAAA	Cash flows from operating activities:		
A10000	Income before income tax	$1,426,085	$10,091,874
A20000	Adjustments:		
A20010	Income and expense adjustments:		
A20100	Depreciation (including right-of-use assets)	5,282,179	5,038,962
A20200	Amortization	69,274	68,116
A20300	Expected credit losses (gains)	17,540	23,441
A20400	Net gains of financial assets or liabilities at fair value through P/L	(22,871)	(3,773)
A20900	Interest expense	331,807	183,655
A21200	Interest income	(517,093)	(83,239)
A21900	Cost of share-based payment	114,828	49,673
A22300	Share of profit or loss of associates and joint ventures	12,843	(53,319)
A22500	Loss (gain) on disposal of property, plant and equipment	(2,719)	(229,399)
A23700	Impairment loss on non-financial assets	19,488	40,759
A29900	Gain on lease modification	(12)	(101,434)
A29900	Gain on government grants	(22,976)	(14,574)
A29900	Loss from fire	-	2,526
A30000	Changes in operating assets and liabilities:		
A31115	(Increase) decrease in financial assets at fair value through P/L	(1,952,802)	(598,698)
A31130	(Increase) decrease in notes receivable	6,440	(7,000)
A31150	(Increase) decrease in accounts receivable	724,132	588,281
A31160	(Increase) decrease in accounts receivable - related parties	2,557	23,387
A31180	(Increase) decrease in other receivables	537,243	(187,330)
A31190	(Increase) decrease in other receivables - related parties	-	367
A31200	(Increase) decrease in inventories	869,261	(14,999)
A31230	(Increase) decrease in prepayments	(376,877)	(211,244)
A31240	(Increase) decrease in other current assets	113,435	(8,767)
A31990	(Increase) decrease in net defined benefit assets	(7,269)	-
A32125	Increase (decrease) in contract liabilities	2,430,905	1,699,955
A32130	Increase (decrease) in notes payable	22,923	(4,306)
A32150	Increase (decrease) in accounts payable	(95,191)	(738,127)
A32180	Increase (decrease) in other payables	(1,374,967)	1,134,532
A32230	Increase (decrease) in other current liabilities	(13,124)	(29,392)
A32240	Increase (decrease) in net defined benefit liabilities	-	(4,239)
A32990	Increase (decrease) in refund liability	(293,094)	364,673
A33000	Cash generated from (used in) operations	7,301,945	17,020,361
A33100	Interest received	444,828	70,948
A33300	Interest paid	(288,078)	(151,377)
A33500	Income tax paid	(1,202,628)	(978,976)
AAAA	Net cash provided by (used in) operating activities	6,256,067	15,960,956

Code	Items	2023	2022
BBBB	Cash flows from investing activities:		
B00040	Acquisition of financial assets at amortized cost	(2,098,369)	-
B01800	Acquisition of investments accounted for using equity method	(50,000)	-
B02700	Acquisition of property, plant and equipment	(10,135,844)	(17,093,642)
B02800	Proceeds from disposal of property, plant and equipment	11,987	496,477
B03800	Decrease in refundable deposits	10,691	2,990
B04500	Acquisition of intangible assets	(63,095)	(84,096)
B05350	Acquisition of right-of-use assets	(161,852)	-
B09900	Proceeds from disposal of right-of-use assets	-	143,540
BBBB	Net cash provided by (used in) investing activities	(12,486,482)	(16,534,731)
CCCC	Cash flows from financing activities:		
C00100	Increase in short-term loans	1,031,999	-
C00200	Repayments of short-term loans	-	(723,226)
C01600	Increase in long-term loans	7,282,900	3,551,153
C01700	Repayments of long-term loans	(2,271,492)	(1,648,515)
C03000	Increase in deposits received	269,716	3,063,848
C04020	Cash payments for the principal portion of the lease liability	(141,084)	(117,882)
C04500	Cash dividends paid	(3,438,175)	(2,443,311)
C04600	Proceeds from issuing shares	147,917	165,379
C05800	Increase (decrease) in non-controlling interests	2,453,491	22,500
CCCC	Net cash provided by (used in) financing activities	5,335,272	1,869,946
DDDD	Effect of exchange rate changes	(88,288)	56,000
EEEE	Increase (decrease) in cash and cash equivalents	(983,431)	1,352,171
E00100	Cash and cash equivalents at beginning of period	16,684,198	15,332,027
E00200	Cash and cash equivalents at end of period	$15,700,767	$16,684,198

(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 were 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 January 29, 2024.

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, 2023. The adoption of these new standards and amendments and interpretation of initial application 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(A) 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.

(B) 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.

(C) 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.

(D) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, how to determining the exchange rate to use and the additional disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by the FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by the FSC. The new or amended 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, 2023 and 2022 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) Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or directly transferred to retained earnings in accordance with other IFRS requirements; and
(f) Recognizes the difference arise in profit or loss for the period.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of Ownership (%), As of December 31, 2023	2022
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%
The Company	PEGAVISION CORPORATION	Manufacture of medical equipment	2.33% (Note)	Not applicable
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% (Note 3)	51.00%
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	27.22% (Note)	30.33% (Note)

			Percentage of Ownership (%), As of December 31,	
Investor	Subsidiary	Main business	2023	2022
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 2)	-% (Note 2)
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	83.06% (Note 3)	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	8.64% (Note 3)	Not applicable

			Percentage of Ownership (%), As of December 31,	
Investor	Subsidiary	Main business	2023	2022
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%
PEGAVISION CORPORATION	MAYIN INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION VIETNAM COMPANY LIMITED	Manufacturing and selling medical equipment	100.00% (Note 4)	Not applicable
MAYIN INVESTMENT CO., LTD.	BeautyTech Platform Corporation	Selling medical equipment and cosmetic products	85.00%	85.00%
MAYIN INVESTMENT CO., LTD.	FACIALBEAU INTERNATIONAL CORPORATION	Selling medical equipment and cosmetic products	55.00%	55.00%
BeautyTech Platform Corporation	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00% (Note 1)	100.00% (Note 1)
BeautyTech Platform Corporation	BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	100.00% (Note 1)	100.00% (Note 1)

			Percentage of Ownership (%), As of December 31,	
Investor	Subsidiary	Main business	2023	2022
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Selling medical equipment and cosmetic products	100.00%	100.00%
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	Selling medical equipment	100.00%	100.00%
FACIALBEAU INTERNATIONAL CORPORATION	PEGAVISION (JIANGSU) LIMITED	Selling medical equipment and cosmetic products	100.00% (Note 1)	100.00% (Note 1)
FACIALBEAU INTERNATIONAL CORPORATION	IKIDO INC.	Selling medical equipment and cosmetic products	100.00%	100.00%
FACIALBEAU INTERNATIONAL CORPORATION	RODNA CO., LTD.	Selling medical equipment and cosmetic products	100.00%	100.00%
FACIALBEAU INTERNATIONAL CORPORATION	AQUAMAX VISION CORPORATION	Selling medical equipment and cosmetic products	100.00%	100.00%

Note: As of December 31, 2023 and 2022, the Group had 29.55% and 30.33% ownership of Pegavision Corporation, respectively. 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.

The Company's subsidiary, Pegavision Corporation, conducted a cash capital increase by issuing 8,000,000 common shares at a price of NT$310 per share in 2023. The capital increase record date was September 7, 2023. The Company's subsidiary, Kinsus Investment Co., Ltd., did not participate in the cash capital increase, reducing its ownership percentage from 30.33% to 27.22%. Instead, the Company participated in the cash capital increase and acquired 1,820,034 shares, resulting in an ownership percentage of 2.33% after the capital increase.

Note 1: To improve the synergy of the Group, the board of directors decided to reorganize and set up the Subsidiaries on July 26, 2021:

(a) The equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from Pegavision Corporation.

(b) BeautyTech Platform (Shanghai) Corporation which is 100% held by BeautyTech Platform Corporation was registered on January 24, 2022.

(c) FacialBeau (Jiangsu) Corporation which is 100% held by FacialBeau International Corporation was registered on February 25, 2022. The investment amount has not been remitted as of December 31, 2023.

Note 2: Xiang-Shou (Suzhou) Trading Limited has completed the cancellation of registration in July 2022.

Note 3: The Company's subsidiary, Piotek Computer (Suzhou) Co., Ltd., conducted a cash capital increase in September 2023. The Company's subsidiary, Piotek Holding Limited, did not participate in the cash capital increase, and its ownership percentage decreased from 100.00% to 83.06%. Instead, the Company's subsidiary, Kinsus Interconnect Technology Suzhou Corp, participated in the cash capital increase and its ownership percentage after the capital increase was 8.64%. However, the Company's subsidiary, Kinsus Holding (Samoa) Limited, maintained an ultimate consolidated ownership percentage of 51%.

Note 4: Taking into consideration the long-term developmental needs and to diversify production risks of the Pegavision Corporation, the board meeting was held on February 13, 2023 and passed thee resolotion to establish a wholly owned subsidiary PEGAVISION VIETNAM COMPANY LIMITED by Pegavision Corporation, which completed registration on November 14, 2023.

(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 dollars 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 non-controlling interests in that foreign operation, instead of being 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.

Additionally, 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 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 recognizes 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) 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 affect 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 prorate 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 of 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 remaining 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.

(12) 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.

(13) 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.

<u>Group as a lessee</u>

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.

(14) 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

(15) 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.

(16) 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.

(17) 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 follows:

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 have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Moreover, 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.

(18) 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.

(19) 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 recorded gains 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 in 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.

(20) 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.

(21) 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.

(22) 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 at 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 recognized 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,	
	2023 (NT$'000)	2022 (NT$'000)
Cash and petty cash	$5,234	$4,580
Checks and savings	2,495,676	4,617,735
Time deposit	13,199,857	12,061,883
Total	$15,700,767	$16,684,198

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

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Mandatorily measured at fair value through profit or loss:		
Money market fund	$3,155,872	$1,190,266
Valuation adjustment	38,352	28,285
Total	$3,194,224	$1,218,551
Current	$3,194,224	$1,218,551
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,	
	2023 (NT$'000)	2022 (NT$'000)
Time deposit	$2,118,426	$20,057
Current	$2,118,426	$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,	
	2023 (NT$'000)	2022 (NT$'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,	
	2023 (NT$'000)	2022 (NT$'000)
Notes receivable arising from operating activities	$4,760	$11,200
Less: loss allowance	-	-
Total	$4,760	$11,200

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 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,	
	2023 (NT$'000)	2022 (NT$'000)
Accounts receivable, gross	$4,362,435	$5,086,567
Less: loss allowances	(68,670)	(50,886)
Subtotal	4,293,765	5,035,681
Accounts receivable - related parties, gross	367	2,924
Less: loss allowances	-	-
Subtotal	367	2,924
Total accounts receivable, net	$4,294,132	$5,038,605

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	Transferred accounts receivable (NT$'000)	Interest Rate	Advance received (NT$'000)	Collateral	Credit Limit
12/31/2022	Mega International Commercial Bank - LanYa Branch	$568,040	-	$-	None	Note

Note: The Group did not renew the contract after the expiration of the accounts receivable factoring contract. The credit limit was US$30,000 thousand as of December 31, 2022.

D. The term of accounts receivable are generally 30 to 90 days. The total carrying amount for the years ended December 31, 2023 and 2022 were NT$4,362,802 thousand and NT$5,089,491 thousand, respectively. Please refer to Note 6 (22) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(7)Inventories

A. Details of inventory:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Raw material	$488,005	$571,272
Supplies	48,081	71,742
Work in process	1,154,918	1,711,633
Finished goods	850,829	1,075,506
Merchandises	69,849	50,790
Total	$2,611,682	$3,480,943

B. For the years ended December 31, 2023 and 2022, the Group recognized NT$20,074,681 thousand and NT$26,729,498 thousand as the cost of inventory, respectively, including loss from inventory market decline, physical or inventory write-off obsolescence. For the years ended December 31, 2023 and 2022, the expenses and losses amounted to NT$3,061,299 thousand and NT$4,062,221 thousand, respectively.

C. The inventories were not pledged.

(8) Investments accounted for under the equity method

	As of December 31,			
	2023		2022	
Investee	Carrying amount (NT$'000)	Percentage of ownership (%)	Carrying amount (NT$'000)	Percentage of ownership (%)
FuYang Technology Corp.	$388,776	35.65%	$381,123	35.65%
Zhuhe Investment Co., Ltd.	49,542	29.41%	-	-%
Total	$438,318		$381,123	

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%.

In September 2023, the Group's subsidiaries, Kinsus Investment Co., Ltd. and PEGAVISION CORPORATION invested cash in Zhuhe Investment Co., Ltd. with amounts of NT$30,000 thousand and NT$20,000 thousand, with shareholding ratios of 17.65% and 11.76%, respectively. Each obtained one seat in the board of directors of Zhuhe Investment Co., Ltd. The investment is accounted for as an investment in associates due to the Group's ability to exercise its significant influence.

B. Investments in associates

As of December 31, 2023 and 2022, the aggregate carrying amount of the Group's interests in FuYang Technology Corp. and Zhuhe Investment Co., Ltd. was NT$438,318 thousand and NT$381,123 thousand, respectively. The aggregate financial information based on Group's share of FuYang Technology Corp. and Zhuhe Investment Co., Ltd. was as follows:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Net profit (loss) from continuing operations	$(12,843)	$53,319
Other comprehensive income (post-tax)	20,182	2,799
Total comprehensive income	$7,339	$56,118

There were no contingent liabilities or capital commitments with respect to the investment in the associate as of December 31, 2023 and 2022. Nor any of the Group's share interest on FuYang was pledged as collateral.

C. The Group's investment accounted for using equity method in FuYang Technology as of December 31, 2023 and 2022 amounted to NT$388,776 thousand and NT$381,123 thousand while the related shares of investment income/loss and joint venture income accounted for using the equity method amounted to NT$(12,385) thousand and NT$53,319 thousand for the years ended December 31, 2023 and 2022, respectively. And the related shares of other comprehensive income accounted for using the equity method amounted to NT$20,182 thousand and NT$2,799 thousand for the years ended December 31, 2023 and 2022, respectively. They were measured based on the audited financial statements of the investee for the same correspondent periods.

The Group's investment accounted for using equity method in Zhuhe Investment as of December 31, 2023 amounted to NT$49,542 thousand while the related shares of investment income/loss and joint venture income accounted for using the equity method amounted to NT$(458) thousand for the year ended December 31, 2023. And the related shares of other comprehensive income accounted for using the equity method amounted to NT$0 for the year ended December 31, 2023. 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, 2023 and 2022.

(9) Property, plant and equipment

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Owner occupied property, plant and equipment	$31,623,152	$31,552,538

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 property and equipment) (NT$'000)	Total (NT$'000)
Cost:								
As of 1/1/2023	$6,307,423	$10,488,132	$34,095,174	$324,058	$29,807	$8,062,156	$17,145,404	$76,452,154
Addition	8,353	11,946	290	2,559	-	243,892	8,962,766	9,229,806
Disposals	-	(150,135)	(164,228)	(502)	-	(169,532)	-	(484,397)
Effect of exchange rate	-	(10,973)	(45,985)	(952)	(205)	(16,680)	(5,574)	(80,369)
Other changes	-	916,825	3,328,745	107,609	2,291	657,290	(5,012,760)	-
As of 12/31/2023	$6,315,776	$11,255,795	$37,213,996	$432,772	$31,893	$8,777,126	$21,089,836	$85,117,194
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 exchange rate	-	188,716	313,610	2,115	181	52,492	5,818	562,932
Other changes	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

	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 property and equipment) (NT$'000)	Total (NT$'000)
Depreciation and impairment:								
As of 1/1/2023	$-	$4,240,246	$22,587,144	$258,326	$19,916	$5,957,474	$-	$33,063,106
Depreciation	-	564,561	3,689,511	43,153	2,867	839,583	-	5,139,675
Impairment loss	-	7,595	-	-	-	11,893	-	19,488
Disposal	-	(150,135)	(154,960)	(502)	-	(169,532)	-	(475,129)
Effect of exchange rate	-	(6,070)	(42,541)	(856)	(187)	(15,327)	-	(64,981)
Other Changes	-	-	(804)	-	-	804	-	-
As of 12/31/2023	$-	$4,656,197	$26,078,350	$300,121	$22,596	$6,624,895	$-	$37,682,159
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 exchange rate	-	113,893	297,121	1,823	157	44,289	-	457,283
Other changes	-	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
Net carrying amount:								
As of 12/31/2023	$6,315,776	$6,599,598	$11,135,646	$132,651	$9,297	$2,152,231	$21,089,836	$47,435,035
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

B. "Significant components" of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful lives of 20 to 25 years and 3 to 20 years.

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

	As of December 31,	
	2023 (NT$'000)	2023 (NT$'000)
Property, plant and equipment	$31,623,152	$31,552,538
Prepayment for property and equipment	15,811,883	11,836,510
Total	$47,435,035	$43,389,048

D. The Group recognized an impairment loss in the amount of NT$19,488 thousand on certain real estate to an extent of the recoverable value of $0 in 2023. 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. This impairment loss or gain from recovery has been recorded in the Group's statements of comprehensive incomes. The recoverable amount is measured at the value in use 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 at RongHua Section, and No. 697 to 700 and 712 to 726 at DaPu 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 created 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 amounted to 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.

(10) Intangible assets

	Computer software (NT$'000)
Cost:	
As of 1/1/2023	$92,761
Additions – acquired separately	63,095
Derecognized upon retirement	(29,114)
Effect of exchange rate changes	(82)
As of 12/31/2023	$126,660
As of 1/1/2022	$73,453
Additions – acquired separately	84,096
Derecognized upon retirement	(65,724)
Effect of exchange rate changes	936
As of 12/31/2022	$92,761
Amortization and Impairment:	
As of 1/1/2023	$44,738
Amortization	69,274
Derecognized upon retirement	(29,114)
Effect of exchange rate changes	(82)
As of 12/31/2023	$84,816
As of 1/1/2022	$40,235
Amortization	68,116
Impairment loss	1,689
Derecognized upon retirement	(65,724)
Effect of exchange rate changes	422
As of 12/31/2022	$44,738
Carrying amount, net:	
As of 12/31/2023	$41,844
As of 12/31/2022	$48,023

Amounts of amortization recognized for intangible assets are as follows:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Cost of goods sold	$289	$350
Selling	477	574
General and administrative	67,543	66,001
Research and development	965	1,191
Total	$69,274	$68,116

(11) Other non-current assets

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Refundable deposits	$78,124	$88,815
Net defined benefit assets	23,057	30,499
Prepayments for land use right	161,852	-
Total	$263,033	$119,314

(12) Short-term loans

		As of December 31,	
	Interest interval (%)	2023 (NT$'000)	2022 (NT$'000)
Unsecured bank loans	1.50%~6.25%	$1,408,619	$376,620

As of December 31, 2023 and 2022, the line of unused short-term loan credit for the Group amounted to NT$16,592,865 thousand and NT$18,055,794 thousand, respectively.

(13) Other payable

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Accrued expense	$3,998,995	$5,367,887
Payables to equipment suppliers	2,341,593	3,247,631
Accrued interest	15,672	9,344
Total	$6,356,260	$8,624,862

(14) Other current liabilities

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Other current liabilities	$147,627	$160,751
Current portion of long-term loans	1,797,426	1,305,487
Deferred revenue	18,387	15,283
Total	$1,963,440	$1,481,521

(15) Refund liability

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Refund liability	$252,687	$545,781

(16)Long-term loans

Details of long-term loans were as follows:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Unsecured bank loans	$16,822,244	$11,803,285
Secured bank loans	255,478	272,216
Subtotal	17,077,722	12,075,501
Less: current portion	(1,797,426)	(1,305,487)
Total	$15,280,296	$10,770,014
Interest interval (%)	1.15% ~1.895%	0.50%~6.43%

(a)Borrowing and repayment

In consideration of the fund use and the terms of the loan agreement, the Group repaid the long-term loans of NT$2,271,492 thousand and NT$1,645,515 thousand for the years ended December 31, 2023 and 2022, respectively. In addition, the Group proceeded with long-term loans of NT$7,282,900 thousand and NT$3,551,153 thousand for the years ended December 31, 2023 and 2022, respectively. Please refer to Note 6(25)(D) for interest expenses.

(b)Collateral for bank loans

Please refer to Note 8 for details on assets pledged as collaterals.

(c)Government low-interest loan

The Group obtained government low-interest loans. The loans were measured at its fair value by applying the market interest rate. The deferred differences between the amounts paid and the fair value were classified as other current liabilities and other non-current liabilities, respectively.

(17)Other non-current liabilities

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

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Deposits received	$5,153,971	$4,884,255
Deferred revenue	97,038	79,879
Total	$5,251,009	$4,964,134

(b) The details of the deferred government grants income for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Beginning balance	$95,162	$66,317
Received during the period	43,239	43,419
Released to the statement of comprehensive income	(22,976)	(14,574)
Ending Balance	$115,425	$95,162
Current	$18,387	$15,283
Non-current	$97,038	$79,879

(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, 2023 and 2022 were NT$189,365 thousand and NT$194,934 thousand, respectively.

Pension expenses for the years ended December 31, 2023 and 2022 were NT$12 thousand and NT$1 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$6,830 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the maturities of Kinsus' defined benefit plan are both in 2037.

Pension costs recognized in profit or loss were as follows.

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Current period service costs	$-	$-
Net interest of defined benefit liability (asset)	(439)	133
Total	$(439)	$133

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

	As of		
	12/31/2023 (NT$'000)	12/31/2022 (NT$'000)	01/01/2022 (NT$'000)
Defined benefit obligation	$136,382	$120,028	$152,441
Plan assets at fair value	(159,439)	(150,527)	(136,182)
Other non-current liabilities – defined benefit (asset) liability	$(23,057)	$(30,499)	$16,259

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)
1/1/2022	$152,441	$(136,182)	$16,259
Current service cost	-	-	-
Interest cost (revenue)	1,250	(1,117)	133
Past service cost and settlement	-	-	-
Subtotal	1,250	(1,117)	133
Remeasurement of 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)
Remeasurement of defined benefit assets	-	-	-
Subtotal	(32,595)	(9,924)	(42,519)
Benefits paid	(1,068)	1,068	-
Contributions by employer	-	(4,372)	(4,372)
Effect of exchange rate changes	-	-	-
12/31/2022	120,028	(150,527)	(30,499)
Current service cost	-	-	-
Interest cost (revenue)	1,728	(2,167)	(439)
Pasts service cost and settlement	-	-	-
Subtotal	1,728	(2,167)	(439)
Remeasurement of defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	3,037	-	3,037
Actuarial gain/loss due to change in financial assumptions	2,574	-	2,574
Experience gain/loss	9,459	(359)	9,100
Remeasurement of defined benefit assets	-	-	-
Subtotal	15,070	(359)	14,711

	Present value of defined benefit obligation (NT$'000)	Fair value of plan assets (NT$'000)	Net defined benefit liability (asset) (NT$'000)
Benefits paid	(444)	444	-
Contributions by employer	-	(6,830)	(6,830)
Effect of exchange rate	-	-	-
12/31/2023	$136,382	$(159,439)	$(23,057)

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

	As of December 31,	
	2023	2022
Discount rate	1.31%	1.44%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis

	For the year ended December 31,			
	2023 (NT$'000)		2022 (NT$'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%	$-	$(9,704)	$-	$(8,851)
Discount rate decreased by 0.5%	10,617	-	9,710	-
Expected salary level increased by 0.5%	10,382	-	9,507	-
Expected salary level decreased by 0.5%	-	(9,596)	-	(8,764)

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, 2023 and 2022, 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, 2023 and 202, the Company's paid-in capital were NT$4,544,231 thousand and NT$4,527,711 thousand, respectively, divided into 454,423 thousand shares and 452,771 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

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 approved by the 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.

As of December 31, 2022, the Company recovered restricted stock awards in the amount of NT$50 thousand, which is not yet cancelled, and a resolution was passed by the Board of Directors on February 13, 2023 to set March 19, 2023 as the reference date of capital reduction.

A resolution was passed by the Company on February 13, 2023 to issue the restricted stock awards of 2,035,500 shares the second time, and to set March 20, 2023 as the reference date of capital increase, issuing the restricted stock awards of 1,448,000 shares.

A resolution was passed by the Company on April 28, 2023 to issue the restricted stock awards of 456,000 shares the third time, and to set May 19, 2023 as the reference date of capital increase, issuing the restricted stock awards of 280,000 shares.

On July 31, 2023, the Company passed the resolution in the board meeting to recover and cancel restricted stock awards, proceed with capital reduction of NT$245 thousand, and to set August 2, 2023 as the reference date of capital reduction.

On October 30, 2023, the Company passed the resolution in the board meeting to recover and cancel restricted stock awards, proceed with capital reduction of NT$75 thousand, and to set November 1, 2023 as the reference date of capital reduction.

As of December 31, 2023, the Company recovered restricted stock awards amounting NT$440 thousand, which is not yet cancelled, and a resolution was passed by the Board of Directors on January 29, 2024 to set January 30, 2024 as the reference date of capital reduction.

B. Capital surplus

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Additional paid-in capital	$6,281,107	$6,116,351
Differences between purchase price and carrying amount arising from acquisition or disposal of subsidiaries	52,567	52,567
Changes in ownership interests in subsidiaries	663,471	529,959
New shares of investee companies not purchased in proportion to shareholding ratio	7,484	7,484
Shared-Based Payment	8,371	8,371
Restricted stock for employees	140,073	146,094
Total	$7,153,073	$6,860,826

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. 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 financial planning requirements and to meet the shareholders' demand for cash, the Company's dividend policy aims for steadiness and balancing. Shareholder's dividend distributed 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 equals 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 distributes 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 2023 and 2022 were approved through the Board of Directors’ meetings and shareholders’ meetings held on January 29, 2024 and May 31, 2023, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2023 (NT$’000)	2022 (NT$’000)	2023	2022
Legal reserve	$3,342	$701,489		
Appropriation (reversal) of special reserve	47,302	(55,169)		
Cash dividend – ordinary shares	454,423	2,943,012	$1.00	$6.50
Total	$505,067	$3,589,331		

Please refer to Note 6(24) for details on employees' compensation and remuneration to directors and supervisors.

D. Non-controlling interests

	For the years ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Beginning balance	$4,494,193	$3,919,766
Net income attributable to NCIs	1,122,886	956,678
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	(36,044)	5,186
Capital increase of subsidiaries in cash	2,453,491	22,500
Cash dividends from subsidiaries	(495,163)	(414,513)
Share-based payment transaction	41,533	-
Acquisition of new shares issued by the subsidiaries' capital increase that were not subscribed in proportion to shareholding	(116,659)	-
Difference between consideration given / received and carrying amount of interests in subsidiaries acquired / disposed of	-	10,130
Reorganization	-	(5,554)
Ending balance	$7,464,237	$4,494,193

(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.

On February 13, 2023, the board of directors resolved to issue of 2,036 thousand shares. The measurement date was on March 20, 2023 and total shares issued were 1,448 thousand. The unit market price as of the granted date was NT$105.

On April 28, 2023, the board of directors resolved to issue of 456 thousand shares. The measurement date was on May 19, 2023 and total shares issued were 280 thousand. The unit market price as of the granted date was NT$108.

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 may 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 in the amount of NT$146,059 thousand. The restricted stocks plan was invalidated as of December 31, 2023 and 26 thousand shares were recalled. As a result, capital reserve increased by NT$260 thousand and the unearned employee compensation amounted to NT$6,857.

On March 20, 2023, the issuance of 1,448 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option in the amount of NT$109,469 thousand. The restricted stocks plan was invalidated as of December 31, 2023 and 22 thousand shares were recalled. As a result, capital reserve increased by NT$220 thousand and the unearned employee compensation was NT$6,081 thousand.

On May 19, 2023, the issuance of 280 thousand restricted shares for employees resulted in the increase of capital reserve－employee stock option in the amount of NT$6,081 thousand. The restricted stocks plan was invalidated as of December 31, 2023 and 33 thousand shares were recalled. As a result, capital reserve increased by NT$330 thousand and the unearned employee compensation was NT$1,675 thousand.

B. Share-based payment plans for employees of the subsidiary

On April 28, 2023, the subsidiary's board of directors resolved to increase cash capital and the base date was set on September 7, 2023, with a portion of the new shares set aside for employee subscription.

a. Detailed information relevant to the share-based payment plans as of December 31, 2023, was as follows:

	For the year ended December 31, 2023	
	Options (Unit)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of period	-	$-
Granted	1,200	310
Exercised	(1,187)	310
Expired	(13)	-
Outstanding at end of period	-	
Weighted-average fair value of options granted during the period	$49.57	

b. The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	July 10, 2023
Stock price on the grant date(dollar/shares)	$353.97
Exercise price (dollar/shares)	$310
Expected volatility (%)	40.40%
Expected life (Years)	0.142
Dividend yield (%)	0%
Risk free interest rate	0.7872%

The stock market price on the grant date is evaluated by the income method and the market method.

The expected volatility is based on the annualized standard deviation of the rate of return on the transactions of the previous year.

C. The expense recognized for employee services received is shown in the following table.

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Total expense arising from equity-settled share-based payment transactions	$114,828	$49,673

D. The Company did not modify the share-based payment plan for the the years ended December 31, 2023 and 2022.

(21)Operating revenues

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Revenue from customer contracts		
Sales of goods	$25,518,980	$41,588,787
Other operating revenue	1,313,207	852,267
Total	$26,832,187	$42,441,054

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

	For the year ended December 31, 2023		
	IC Substrate (NT$'000)	Optics (NT$'000)	Total (NT$'000)
Sales of goods	$18,729,737	$6,789,243	$25,518,980
Other	1,313,207	-	1,313,207
Total	$20,042,944	$6,789,243	$26,832,187
Timing of revenue recognition:			
At a point in time	$20,042,944	$6,789,243	$26,832,187

	For the year ended December 31, 2022		
	IC Substrate (NT$'000)	Optics (NT$'000)	Total (NT$'000)
Sales of goods	$35,267,817	$6,320,970	$41,588,787
Other	852,267	-	852,267
Total	$36,120,084	$6,320,970	$42,441,054
Timing of revenue recognition:			
At a point in time	$36,120,084	$6,320,970	$42,441,054

B. Contract balances

(a) Contract liabilities

	As of		
	12/31/2023 (NT$'000)	12/31/2022 (NT$'000)	01/01/2022 (NT$'000)
Sales of goods	$4,982,962	$2,550,873	$98,679
Customer loyalty programs	1,810	2,994	12,671
Total	$4,984,772	$2,553,867	$111,350
Current	$1,072,455	$112,683	$111,350
Non-Current	3,912,317	2,441,184	-
Total	$4,984,772	$2,553,867	$111,350

The significant changes in the Group's balances of contract liabilities for the the years ended December 31, 2023 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	$(994,326)	$(2,994)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	3,426,415	1,810

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

(22)Expected credit losses

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Operating expenses – Expected credit losses		
Account receivables	$17,540	$23,441

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 counterparty financial institutions. As of December 31, 2023 and 2022, there were no other receivables past due. Furthermore, the Group assessed the related expected credit loss to be insignificant because the counterparty financial institutions are of good credit condition.

The Group measures the loss allowance of its 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, 2023 and 2022 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, 2023

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	$3,125,076	$298,053	$65,153	$40	$-	$-	$-	$3,488,322
Loss ratio	-%	3.54%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(10,545)	(9,773)	(12)	-	-	-	(20,330)
Subtotal	$3,125,076	$287,508	$55,380	$28	$-	$-	$-	$3,467,992

Group 2	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)	Individual evaluate	Total (NT$'000)
Gross carrying amount	$837,387	$775	$-	$-	$-	$41,078	$-	$879,240
Loss ratio	0.87%	1.00%	5%	-%	-%	100%	100%	
Lifetime expected credit losses	(7,254)	(8)	-	-	-	(41,078)	-	(48,340)
Subtotal	830,133	767	-	-	-	-	-	830,900
Carrying amount of accounts receivable	$3,955,210	$288,274	$55,380	$28	$-	$-	$-	$4,298,892

As of December 31, 2022

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)	>=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%	-%	-%	-%	-%	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

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, 2023 and 2022 are as follows:

	Notes receivable (NT$'000)	Accounts receivable (NT$'000)
Beginning balance as of January 1, 2023	$-	$50,886
Addition/(reversal) for the current period	-	17,540
Effect of exchange rate	-	244
Ending balance as of December 31, 2023	$-	$68,670

	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

(23) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, mechanical equipment and transportation equipment. These leases have terms of between 1 and 50 years. Certain leases provide that without obtaining consent from the lessor, the Group may not, under its own discretion, 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)	Total (NT$'000)
Cost:			
As of 1/1/2023	$228,862	$492,223	$721,085
Addition	-	48,979	48,979
Disposals	-	(27,962)	(27,962)
Effect of exchange rate	(1,916)	(655)	(2,571)
As of 12/31/2023	$226,946	$512,585	$739,531

	Land (NT$'000)	Buildings (NT$'000)	Total (NT$'000)
As of 1/1/2022	$271,757	$207,324	$479,081
Addition	-	358,479	358,479
Disposals	(59,851)	(74,547)	(134,398)
Effect of exchange rate	16,956	967	17,923
As of 12/31/2022	$228,862	$492,223	$721,085
Depreciation and impairment:			
As of 1/1/2023	$68,572	$135,280	$203,852
Depreciation	4,704	137,800	142,504
Disposals	-	(26,672)	(26,672)
Effect of exchange rate	(613)	(443)	(1,056)
As of 12/31/2023	$72,663	$245,965	$318,628
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)
Effect of exchange rate	(5,000)	220	5,220
As of 12/31/2022	$68,572	$135,280	$203,852
Net carrying amount:			
As of 12/31/2023	$154,283	$266,620	$420,903
As of 12/31/2022	$160,290	$356,943	$517,233

II. Lease liability

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Lease liabilities	$273,320	$363,360
Current	$133,272	$132,253
Non-current	140,048	231,107
Total	$273,320	$363,360

Please refer to Note 6(25) (D) for the interest on lease liability recognized for the years ended December 31, 2023 and 2022 and refer to Note 12(5) for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

(b) Income and costs relating to leasing activities

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
The expense relating to short-term leases (rent expense)	$(45,348)	$(83,401)
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of law-value assets)	(1,172)	(1,131)
Income from subleasing right-of-use assets	882	516

As of December 31, 2023 and 2022, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period was dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments was NT$0.

For the years ended December 31, 2023 and 2022, the Group recognized NT$19 thousand and NT$2,411 thousand as income to reflect the practical expedient applied to 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

For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to NT$187,604 thousand and NT$202,414 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,	
	2023 (NT$'000)	2022 (NT$'000)
Lease income for operating leases		
Income relating to fixed lease payments	$4,452	$8,243

For operating leases entered into by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follows:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Less than one year	$392	$392
More than one year but less than five years	1,144	1,537
Total	$1,536	$1,929

(24) Summary statement of employee benefits, depreciation and amortization was as follows:

	For the year ended December 31,	
Related parties	2023 (NT$'000)	2022 (NT$'000)
Employee benefit		
Salaries & wages	$5,628,735	$8,222,147
Labor and health insurance	502,749	498,011
Pension	189,377	195,068
Other employee benefit	310,835	351,138
Depreciation	5,282,179	5,038,962
Amortization	69,274	68,116

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 estimated the employees' compensation and the remuneration to directors and supervisors respectively, for the year ended December 31, 2023 and recorded them as employee benefits. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 amounted to NT$6,480 thousand and NT$0, respectively, and for the year ended December 31, 2022 amounted to NT$1,198,514 thousand and NT$69,913 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$6,480 thousand and NT$0, respectively, in a meeting held on January 29, 2024.

The actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2023 were NT$1,198,514 thousand and NT$69,913 thousand, respectively. No material differences existed between the estimated amount for the year ended December 31, 2022 and the actual distribution of the employee compensation and remuneration to directors and supervisors.

(25) Non-operating incomes and expenses

A. Interest income

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Interest income		
Financial assets measured at amortized cost	$517,093	$83,239

B. Other income

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Government grants	$22,976	$14,574
Other income-others	147,970	233,609
Total	$170,946	$248,183

C. Other gains and losses

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Gain on disposal of property, plant and equipment	$2,719	$229,399
Foreign exchange gain (loss), net	55,440	257,623
Gain on lease modification	12	101,434
Net gain of financial assets at fair value through profit or loss	22,871	3,773
Impairment losses	(19,488)	(40,759)
Loss from Fire, net	-	(2,526)
Other losses	(21,105)	(234,495)
Total	$40,449	$314,449

D. Finance costs

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Interest on bank loans	$328,164	$180,047
Interests on lease liabilities	3,643	3,608
Total	$331,807	$183,655

(26) Components of other comprehensive income (OCI)

For the year ended December 31, 2023

	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 to be reclassified to profit or loss:					
Remeasurement of defined benefits plan	$(14,711)	$-	$(14,711)	$-	$(14,711)
May be reclassified to profit or loss in subsequent period:					
Exchange differences arising on translation of foreign operations	(103,528)	-	(103,528)	-	(103,528)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	20,182	-	20,182	-	20,182
Total OCI	$(98,057)	$-	$(98,057)	$-	$(98,057)

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 to be reclassified to profit or loss:					
Remeasurement of 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

(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, 2023 (NT$'000)	For the year ended December 31, 2022 (NT$'000)
Current income tax expense (income):		
Current income tax payable	$363,356	$2,159,046
Adjustments in respect of current income tax of prior periods	(115,012)	(7,615)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	7,339	6,973
Total income tax expense	$255,683	$2,158,404

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,	
	2023 (NT$'000)	2022 (NT$'000)
Accounting profit before tax from continuing operations	$1,426,085	$10,091,874
Tax payable at the enacted tax rates	$676,468	$2,335,264
Surtax on Undistributed earnings	45,877	98,428
Tax effect of income tax-exempted	(257,450)	(145,786)
Tax effect of expenses not deductible for tax purposes	(25,974)	36,422
Tax effect of deferred tax assets/liabilities	99,786	1,480
Adjustments in respect of current income tax of prior periods	(115,012)	(7,615)
Tax effect arising from the amendment to tax act	(168,012)	(159,789)
Total income tax expense recognized in profit or loss	$255,683	$2,158,404

C. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of Jan. 1, 2023 (NT$'000)	Deferred tax income (expense) recognized in P/L (NT$'000)	Deferred tax income (expense) recognized in OCI (NT$'000)	Exchange adjustment (NT$'000)	Ending balance as of Dec. 31, 2023 (NT$'000)
Temporary differences					
Prepaid appreciation tax on agricultural land	$9,593	$-		$-	$9,593
Loss for market price decline and obsolete and slow-moving inventories	14,052	15,223	-	-	29,275
Gain on exchange	(152)	(3,114)	-	-	(3,266)
Loss on exchange	2,008	(1,968)	-	-	40
Other	1,733	7,276	-	(52)	8,957
Investments accounted for using the equity method	-	118	-	-	118
Investments accounted for using the equity method	(37,183)	(24,874)	(45)	-	(62,102)
Deferred tax income/(expense)		$(7,339)	$(45)	$(52)	
Net deferred tax assets/(liabilities)	$(9,949)				$(17,385)
Reflected in balance sheet as follows:					
Deferred tax assets	$27,386				$47,983
Deferred tax liabilities	$(37,335)				$(65,368)

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
Loss for market price decline and obsolete and slow-moving inventories	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)

D. Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset future taxable income amounted to NT$2,041,544 thousand and NT$1,857,747 thousand, respectively.

E. Unused balance of deductible net operating loss within the Company was listed as follows:

		Unused balance		
	Accumulated net	As of December 31,		
Occurrence year	operating loss (NT$'000)	2023 (NT$'000)	2022 (NT$'000)	Expiration Year
2021	$383	$383	$383	2031
2022	4,062	4,062	4,062	2032
2023	705,867	705,867	-	2033
		$710,312	$4,445	

F. The assessment of income tax return

As of December 31, 2023, 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 2021, but has not yet been approved for the year of 2020.
Subsidiary - Pegavision Corporation	Assessed and approved up to 2021
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2021
Subsidiary - BeautyTech Platform Corporation	Assessed and approved up to 2021
Subsidiary - Mayin Investment Co., Ltd.	Assessed and approved up to 2021
Subsidiary - FacialBeau International Corporation	Assessed and approved up to 2021

(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,	
	2023 (NT$'000)	2022 (NT$'000)
Net income attributable to ordinary equity holders of the parent company (in NT$'000)	$47,516	$6,976,792
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	452,221	451,027
Basic earnings per share (in NT$)	$0.11	$15.47

B. Diluted earnings per share

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Net income attributable to ordinary equity holders of the parent company (in NT$'000)	$47,516	$6,976,792
Net income attributable to ordinary equity holders of the parent company after dilution (NT$'000)	$47,516	$6,976,792
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	452,221	451,027
Effect of dilution:		
Employee compensation－stock (in thousand shares)	1,441	11,809
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	453,662	462,836
Diluted earnings per share (in NT$)	$0.10	$15.07

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) Changes in parent's interest in subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

The board of directors of Pegavision Corporation resolved to issue new shares on April 28, 2023. The Group purchased new shares. Consequently, the ownership interest in Pegavision Corporation was reduced to 29.55%. The Group received additional cash from the issuance of new shares in the amount of NT$1,915,789 thousand. The carrying amount of Pegavision Corporation's net assets (excluding goodwill on the original acquisition) was NT$6,701,253 thousand. Following was a schedule of interest disposed of in Pegavision Corporation including changes in non-controlling interests:

Additional cash received from the issuance of new shares	$1,915,789
Increase in non-controlling interests	(1,799,130)
Difference recognized in capital surplus within equity	$116,659

(30) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

		As of December 31,	
Name	Country	2023	2022
PIOTEK HOLDINGS LTD. and its subsidiary	China	49.00%	49.00%
Pegavision Corporation and its subsidiary	Taiwan	70.45%	69.67%

Accumulated balances of material non-controlling interest:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
PIOTEK HOLDINGS LTD. and its subsidiaries	$412,323	$(41,842)
Pegavision Corporation and its subsidiary	$7,051,914	$4,536,035

Profit (loss) allocated to material non-controlling interest:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
PIOTEK HOLDINGS LTD. and its subsidiaries	$(58,472)	$(120,873)
Pegavision Corporation and its subsidiary	$1,181,358	$1,077,551

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,	
	2023 (NT$'000)	2022 (NT$'000)
Operating revenue	$(6,600)	$817,398
Loss from continuing operation	(119,325)	(246,688)
Total comprehensive income for the period	(117,790)	(239,420)

Summarized Pegavision Corporation and its subsidiaries information of profit or loss is as follows:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Operating revenue	$6,789,861	$6,321,198
Profit from continuing operation	1,677,931	1,545,341
Total comprehensive income for the period	1,662,564	1,548,014

Summarized PIOTEK HOLDINGS LTD. and its subsidiaries information of financial position is as follows:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Current assets	$324,640	$318,326
Non-current assets	621,352	756,481
Current liabilities	56,811	126,557
Non-current liabilities	47,685	1,033,614

Summarized Pegavision Corporation and its subsidiaries information of financial position is as follows:

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Current assets	$7,874,620	$3,970,829
Non-current assets	5,984,232	5,590,768
Current liabilities	3,306,832	2,441,504
Non-current liabilities	571,780	634,361

Summarized PIOTEK HOLDINGS LTD. and its subsidiaries cash flows information is as follows:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Operating activities	$93,367	$(147,078)
Investing activities	(123)	445,303
Financing activities	(33,278)	(126,960)
Net increase in cash and cash equivalents	59,515	84,748

Summarized Pegavision Corporation and its subsidiaries cash flows information is as follows:

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Operating activities	$799,476	$2,047,463
Investing activities	(3,397,622)	(1,428,504)
Financing activities	2,267,678	(623,260)
Net increase/(decrease) in cash and cash equivalents	(345,618)	(2,845)

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
GNDC Co., Ltd.	Other related parties
DIGITEK (CHONGQING) LIMITED	Other related parties

(2) Significant transactions with related parties

A. Sales

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Parent company	$13	$421
Other related parties	237	35,715
Total	$250	$36,136

Selling prices and collection terms with related parties are similar to those to third party customers for the years ended December 31, 2023 and 2022. The collection terms are 30 to 90 days from the end of delivery month by telegraphic transfer.

B. Lease

(a) Right-of-use assets

		As of December 31,	
Related parties	Nature	2023 (NT$'000)	2022 (NT$'000)
Parent company	Buildings	$165,302	$264,484
Other related parties	Buildings	-	331
Total		$165,302	$264,815

(b) Lease liabilities

	As of December 31,	
Related parties	2023 (NT$'000)	2022 (NT$'000)
Parent company	$166,949	$265,533
Other related parties	-	333
Total	$166,949	$265,866

(c) Interest expense

	For the year ended December 31,	
	2023	2022
Related parties	(NT$'000)	(NT$'000)
Parent company	$2,537	$2,343
Other related parties	9	6
Total	$2,546	$2,349

(d) Lease payment (Rental expense)

		For the year ended December 31,	
		2023	2022
Related parties	Nature	(NT$'000)	(NT$'000)
Parent company	Buildings	$195	$33,945

C. For the years ended December 31, 2023 and 2022, the Group recognized operating expenses of NT$7,515 thousand and NT$6,387 thousand, respectively, for services provided by other related parties.

For the years ended December 31, 2023 and 2022, the Group recognized operating expenses of NT$96 thousand and NT$2,963 thousand (tax included), respectively, for services provided by the parent.

For the years ended December 31, 2023 and 2022, the Group incurred operating expenses of NT$106,187 thousand and NT$94,295 thousand (tax included), respectively, for utility bills paid by the parent on behalf of the Group.

For the year ended December 31, 2022, the Group recognized operating expense of NT$1,165 thousand, for providing services to the associate.

D. For the year ended December 31, 2022, the Group recognized rent income of NT$193 thousand for plants leased to other related parties.

E. Accounts receivable - related parties

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Parent company	$-	$359
Other related parties	367	2,565
Total	367	2,924
Less: loss allowance	-	-
Net	$367	$2,924

F. Prepaid expenses

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Parent company	$14,742	$3,166
Other related parties	1,171	2,302
Total	$15,913	$5,468

G. Refundable deposits

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Parent company	$10,000	$10,000
Other related parties	586	357
Total	$10,586	$10,357

H. Other payables

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Parent company	$33,353	$27,379
Other related parties	81,521	168,638
Total	$114,874	$196,017

I.Property transection with related party

(a) Acquisition of Assets

Variety	Related parties	Acquisition Price	Reference basis for price decision
2023.01.01~2023.12.31			
Machinery	Parent company	$19,130	By Bidding
Machinery	Other related parties	$287,186	By Bidding
2022.01.01~2022.12.31			
Machinery	Parent company	$462	By Bidding
Machinery	Other related parties	$169,921	By Bidding

J. On September 21, 2023, the Group passed a resolution in the board meeting to purchase real estate from the related party, Pegatron Corporation. The total transaction amounted to NT$3,040,000 thousand, and as of December 31, 2023, the Group already paid NT$600,000 thousand.

K. Salaries and rewards to key management of the Group

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Short-term employee benefit	$130,387	$97,871
Post-employee benefit	927	972
Total	$131,314	$98,843

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

	Carrying Amount As of		
Item	2023 (NT$'000)	2022 (NT$'000)	Purpose
Property, plant and equipment - land (carrying amount)	$196,960	$196,960	Long-term secured loans
Property, plant and equipment - buildings (carrying amount)	112,677	124,544	Long-term secured loans
Refundable deposits	2,000	2,000	Security deposit to custom authority
Total	$311,637	$323,504	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of December 31, 2023 are as follows:

Currency	LC Amount (in thousand)		Security (in thousand)
JPY	JPY	4,517,542	$-
USD	USD	7,216	-

(2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of December 31, 2023 are as follows:

Nature of Contract	Contract Amount (NT$'000)	Amount Paid (NT$'000)	Outstanding Balance (NT$'000)
Land	$1,912,290	$600,000	$1,312,290
Buildings and machinery	20,421,630	13,950,744	6,470,886
Total	$22,333,920	$14,550,744	$7,783,176

The payments above were recognized as unfinished projects and equipment to be inspected, and prepayment for property and equipment.

(3) 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.

(4) 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. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

January 29, 2024, The Company's board of directors has approved an issuance of restricted stock awards in a meeting held on January 29, 2024. The total share volume to be issued are 2,700,000 shares. The estimated issuance price per share is 50% of the closing price of the ordinary shares issued on the date of the resolution. The final issuance terms and conditions are subjected to the shareholders' meeting.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through P/L	$3,194,224	$1,218,551
Financial assets at fair value through OCI	51,000	51,000
Financial assets measured at amortized cost (Note)	22,258,875	22,360,095
Total	$25,504,099	$23,629,646

Financial liabilities

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Financial liabilities at amortized cost:		
Short-term borrowings	$1,408,619	$376,620
Payables	8,457,072	10,797,942
Long-term borrowings (including current portion with maturity less than 1 year)	17,077,722	12,075,501
Lease liabilities (including current portion with maturity less than 1 year)	273,320	363,360
Total	$27,216,733	$23,613,423

Note: Financial assets measured at amortized cost include cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable (including related parties) and other receivables (including related parties).

(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, 2023 and 2022 would increase/decrease by NT$112,364 thousand and NT$87,029 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, 2023 and 2022 would decrease/increase by NT$16,003 thousand and NT$7,847 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 counterparty's credit risk.

As of December 31, 2023 and 2022, receivables from the top ten customers accounted for 57.47% and 48.77% 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, 2023							
Loans	$3,466,559	$3,047,907	$3,742,524	$2,873,589	$2,667,549	$3,708,447	$19,506,575
Payables	8,457,072	-	-	-	-	-	8,457,072
Lease liabilities	135,797	91,115	17,811	11,905	8,382	13,220	278,230
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

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for year ended December 31, 2023:

	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, 2023	$376,620	$12,075,501	$4,884,255	$363,360	$17,699,736
Cash flows	1,031,999	5,011,408	269,716	(141,084)	6,172,039
Non-cash changes					
Lease range changes	-	-	-	47,677	47,677
Interests on lease liabilities	-	-	-	3,643	3,643
Other	-	(9,434)	-	-	(9,434)
Currency rate change	-	247	-	(276)	(29)
As of December 31, 2023	$1,408,619	$17,077,722	$5,153,971	$273,320	$23,913,632

Movement schedule of liabilities for the year ended December 31, 2022:

	Short-term borrowings (NT$'000)	Long-term borrowings (NT$'000)	Refundable deposits (NT$'000)	Leases liabilities (NT$'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

(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 Taipei Exchange, 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, 2023

	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	$3,194,224	$-	$-	$3,194,224
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, 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

Transfers between Level 1 and Level 2 during the period

For the year ended December 31, 2023 and 2022, 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 of January 1, 2023	$51,000
Total gains and losses recognized for the year ended December 31, 2023:	
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income'')	-
Ending balances as of December 31, 2023	$51,000

	Assets
	Financial assets at fair value through other comprehensive income
	Stocks
Beginning balances as of 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'')	-
Ending balances as of December 31, 2022	$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, 2023

	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 company 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 decrease/increase in the Group's equity by NT$2,295 thousand

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 company 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 decrease/increase 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,					
	2023			2022		
	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)	Foreign Currencies ($'000)	Exchange Rate	NTD (NT$'000)
Financial assets						
Monetary items:						
USD	$428,080	30.713	$13,147,674	$358,240	30.718	$11,004,250
CNY	$84,805	4.338	$367,923	$331,722	4.411	$1,463,064
Financial liabilities						
Monetary items:						
USD	$62,205	30.725	$1,911,255	$74,920	30.717	$2,301,343
CNY	$90,235	4.338	$391,441	$111,912	4.411	$493,590

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	2023 (NT$'000)	2022 (NT$'000)
USD	$45,965	$259,530
Other	9,475	(1,907)

(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.

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, 2023 (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, 2023: Please refer to attachment 3.

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, 2023: None.

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, 2023: 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, 2023: 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, 2023: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the year ended December 31, 2023: Please refer to attachment 11.

(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, 2023 (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, 2023: Please refer to attachment 7.

(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, 2023: Please refer to attachment 8.

(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, 2023: 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, 2023: Please refer to attachment 9.

(h) Receivables from related parties of at least NT$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 10.

(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$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of Dec. 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT$'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)	$2,150,750 (Note 2)	(2)	$2,150,750 (Note 2)	$-	$-	$2,150,750 (Note 2)	$201,113 (Note 2 and Note 4)	100%	$201,113 (Note 2, Note 4 and Note 11)	$2,349,898 (Note 2, Note 4 and Note 11)	$553,050	$1,597,700 (Note 2)	$1,597,700 (Note 2)	No upper limit (Note 5)

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of Dec. 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT$'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	$6,166,508 (Note 2)	(3) (Note 10)	$2,895,946 (Note 2)	$-	$-	$2,895,946 (Note 2)	$(119,307) (Note 2 and Note 4)	51%	$(60,847) (Note 2, Note 4 and Note 11)	$394,487 (Note 2, Note 4 and Note 11)	$-	$2,895,946 (Note 2)	$2,895,946 (Note 2)	No upper limit (Note 5)

<table>
<tr><th rowspan="2">Name of Investee in China</th><th rowspan="2">Main Business</th><th rowspan="2">Paid-in Capital (NT$'000)</th><th rowspan="2">Method of Investment (Note 1)</th><th rowspan="2">Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (NT$'000)</th><th colspan="2">Investment Flows</th><th rowspan="2">Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023 (NT$'000)</th><th rowspan="2">Profit/ Loss of Investee (NT$'000)</th><th rowspan="2">Percentage of Ownership (Direct or Indirect Investment)</th><th rowspan="2">Share of Profit/Loss (NT$'000)</th><th rowspan="2">Carrying Amount as of Dec. 31, 2023 (NT$'000)</th><th rowspan="2">Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT$'000)</th><th rowspan="2">Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT$'000)</th><th rowspan="2">Investment Amounts Authorized by Investment Commission, MOEA (NT$'000)</th><th rowspan="2">Upper Limit on Investment in China by Investment Commission, MOEA (NT$'000)</th></tr>
<tr><th>Outflow (NT$'000)</th><th>Inflow (NT$'000)</th></tr>
<tr><td>Pegavision (Jiangsu) Limited</td><td>Producing and Selling medical equipment</td><td>$101,205 (USD 3,500)</td><td>(1)</td><td>$85,620</td><td>$15,585</td><td>$-</td><td>$101,205</td><td>$(9,964) (Note 2 and Note 4)</td><td>29.55%</td><td>$(2,944) (Note 2, Note 4 and Note 11)</td><td>$24,623 (Note 2, Note 4 and Note 11)</td><td>$-</td><td>$101,205</td><td>$101,205</td><td>$5,988,144 (Note 6)</td></tr>
<tr><td>BeautyTech Platform (Shanghai) Corporation</td><td>Selling medical equipment and cosmetic products</td><td>$14,885 (USD 500)</td><td>(3) (Note 3)</td><td>$14,885</td><td>$-</td><td>$-</td><td>$14,885</td><td>$577 (Note 2 and Note 4)</td><td>29.55%</td><td>$145 (Note 2, Note 4 and Note 11)</td><td>$7,370 (Note 2, Note 4 and Note 11)</td><td>$-</td><td>$14,885</td><td>$14,885</td><td rowspan="2">$219,761 (Note 9)</td></tr>
<tr><td>Pegavision Contact Lenses (Shanghai) Corporation</td><td>Selling medical equipment</td><td>$112,559 (USD 3,600)</td><td>(3) (Note 7)</td><td>$112,559</td><td>$-</td><td>$-</td><td>$112,559</td><td>$37,965 (Note 2 and Note 4)</td><td>29.55%</td><td>$9,536 (Note 2, Note 4 and Note 11)</td><td>$32,369 (Note 2, Note 4 and Note 11)</td><td>$-</td><td>$95,043</td><td>$95,043</td></tr>
</table>

Name of Investee in China	Main Business	Paid-in Capital (NT$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (NT$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023 (NT$'000)	Profit/ Loss of Investee (NT$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT$'000)	Carrying Amount as of Dec. 31, 2023 (NT$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT$'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)									
Gemvision Technology (Zhejiang) Limited	Selling medical equipment	$95,437 (RMB 22,000) (Note 2)	(3) (Note 8)	$-	$-	$-	$-	$41,302 (Note 2 and Note 4)	29.55%	$10,374 (Note 2, Note 4 and Note 11)	$30,381 (Note 2, Note 4 and Note 11)	$-	$-	$-	$219,761 (Note 9)

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: An investee 100% held 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 headquarters 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: 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 8: An investee 100% held and directly invested by Pegavision Contact Lenses (Shanghai) Corporation.

Note 9: The upper limit on investment for BeautyTech Platform (Shanghai) Corporation, Pegavision Contact Lenses (Shanghai) Corporation and Gemvision Technology (Zhejiang) Limited is calculated as 60% of the net value of the recent financial statements audited by independent auditors of BeautyTech Platform Corporation.

Note 10: Please refer to Note 4 (3) for details.

Note 11: Transactions were 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, 2023: Please refer to attachment 11 for details.

(b) Sale and balance of related accounts receivable as of December 31, 2023: Please refer to attachment 11 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	$5,094	$14,635	$9,541 (Note)	Negotiated price

Note: For the three-month period ended March 31, 2023, the Company wrote off NT$7,778 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2023, unrealized gain on disposal of property, plant and equipment amounted to NT$7,112 thousand, and was 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: Please refer to attachment 11 for details.

(g) Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 11 for details.

(4) Information on major shareholders:

Name \ Ownership of shares	Number of shares held (shares)	Ownership ratio
Asus Investment Co., Ltd.	60,128,417	13.23%
Asustek Investment Co., Ltd.	58,233,091	12.81%
Asuspower Investment	55,556,221	12.22%

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. For the year ended December 31, 2023, Piotek Computer (Suzhou) Corporation terminated its related business cessation plans, so the information of profit or loss and operating segment for the year ended December 31, 2022 was re-expressed in the financial statements.

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 operating segments adopts the same accounting policies as those stated 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.

For the year ended December 31, 2023

	IC Substrate (NT$'000)	Optics (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
Revenue				
External customer	$20,042,944	$6,789,243	$-	$26,832,187
Inter-segment	-	-	-	-
Total revenue	$20,042,944	$6,789,243	$-	$26,832,187
Segment profit (loss)	$(506,879)	$1,677,281	$-	$1,170,402

For the year ended December 31, 2022

	IC Substrate (NT$'000)	Optics (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
Revenue				
External customer	$36,120,084	$6,320,970	$-	$42,441,054
Inter-segment	-	-	-	-
Total revenue	$36,120,084	$6,320,970	$-	$42,441,054
Segment profit (loss)	$6,388,369	$1,545,101	$-	$7,933,470

Details of assets and liabilities under the Group's operating segments are as follows:

Segment assets	IC Substrate (NT$'000)	Optics (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
As of 12/31/2023	$64,208,332	$13,858,707	$-	$78,067,039
As of 12/31/2022	$63,071,819	$9,561,597	$-	$72,633,416

Segment liabilities	IC Substrate (NT$'000)	Optics (NT$'000)	Elimination (NT$'000)	Consolidated (NT$'000)
As of 12/31/2023	$35,029,302	$3,878,611	$-	$38,907,913
As of 12/31/2022	$30,741,658	$3,075,865	$-	$33,817,523

(2)Geographical information

Revenues from external customers

	For the year ended December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Taiwan	$6,800,432	$13,074,886
Other countries	20,031,755	29,366,168
Total	$26,832,187	$42,441,054

The revenue information above is based on the location of the customers.

Non-current assets

	As of December 31,	
	2023 (NT$'000)	2022 (NT$'000)
Taiwan	$45,623,234	$41,727,367
U.S.A.	31	14
China	2,259,088	2,226,456
Japan	15,429	467
Vietnam	161,852	-
Total	$48,059,634	$43,954,304

(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	2023	2022
Customer A	(Note)	$4,438,537

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, 2023

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$154,901 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, 2023

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, 2023				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	-%	$275,475	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	271,172	
	Subtotal				512,952		$546,647	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				33,695			
	Total				$546,647			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Individual Securities Acquired or Disposed of with accumulated amount of At Least NT$300 Million or 20% of The Paid-In Capital

For Year Ended December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Kinsus Interconnect Technology Corp.	Stock: Pegavision Corporation	Investment accounted for using the equity method	-	Parent company	-	$-	1,820,034	$564,210	-	$-	$-	$-	1,820,034	$564,210

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, 2023

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	$1,614,862	21.60%	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 $(306,633)	(10.38)%	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, 2023

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, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2022	As of December 31, 2023	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%	$81,703	$10,108	$10,108	Note 5
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 164,309	USD 164,309	164,308,720	100.00%	$2,701,241	$142,911	$158,464 (Note 2)	Note 5
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taiwan	Investing activities	$1,600,000 (Note)	$1,600,000 (Note)	160,000,000	100.00%	$3,342,312	$469,280	$469,280	Note 5
Kinsus Interconnect Technology Corp.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	Not applicable	$564,210 (Note 3)	1,820,034	2.33%	$231,184	$1,655,902	$17,182	Note 5
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	$252,455 (Note 1)	$252,455 (Note 1)	21,233,736	27.22%	$2,697,142	$1,655,902	$479,390	Note 5
Kinsus Investment Co., Ltd.	FuYang Technology Corp.	Taiwan	Electronic Parts and Components Manufacturing	$929,422	$929,422	64,176,872	35.65%	$388,776	$(34,736)	$479,390	
Kinsus Investment Co., Ltd.	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	Not applicable	$30,000 (Note 4)	3,000,000	17.65%	$29,725	$(1,557)	$(275)	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 70,000	USD 70,000	70,000,000	100.00%	USD 76,482	USD 6,595	USD 6,595	Note 5
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD 11,793	USD (3,931)	USD (2,005)	Note 5
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD 23,123	USD (3,931)	USD (3,931)	Note 5
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,212	USD 50	USD 50	Note 5
Pegavision Corporation	PEGAVISION JAPAN INC.	Japan	Selling Medical equipment	JPY 9,900	JPY 9,900	198	100.00%	$129,255	$42,034	$42,034	Note 5
Pegavision Corporation	Mayin Investment Co., Ltd.	Taiwan	Investing activities	$246,003	$246,003	21,000,000	100.00%	$468,615	$128,085	$128,085	Note 5
Pegavision Corporation	PEGAVISION VIETNAM COMPANY LIMITED	Vietnam	Manufacturing and selling of medical equipment	Not applicable	$170,830	-	100.00%	$166,639	$(3)	$(3)	Note 5
Pegavision Corporation	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	Not applicable	$20,000	2,000,000	11.76%	$19,817	$(1,557)	$(183)	
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	$107,500	$107,500	8,500,000	85.00%	$311,329	$156,991	$133,442	Note 5
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	$27,500	$27,500	2,750,000	55.00%	$24,970	$(922)	$(507)	Note 5
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	USD 200	USD 200	200,000	100.00%	$6,228	$(109)	$(109)	Note 5
FacialBeau International Corporation	Aquamax Vision Corporation	U.S.A.	Selling medical equipment and cosmetic products	USD 1,100	USD 1,100	11,000,000	100.00%	$6,683	$(217)	$(217)	Note 5
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	KRW 100,000	KRW 100,000	-	100.00%	$2,224	$(57)	$(57)	Note 5
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	Not applicable	JPY 9,900	198	100.00%	$2,059	$(93)	$(93)	Note 5

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 Pegavision 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: This includes investment income accounted for using the equity method of NT$142,911 thousand, realized benefits of current upstream transactions of NT$26,540,000, and unrealized benefits of current upstream transactions of NT$10,987,000.

Note 3: The Company participated in the cash capital increase of Pegavision Corporation and acquired 1,820,034 shares at a price of NT$310 per share on September 7, 2023. The Company's investment amount was NT$564,210 thousand.

Note 4: Kinsus Investment Co., Ltd. invested Zhuhe Investment Co., Ltd. with 3,000,000 shares in cost of NT$30,000 thousand in August 2023.

Note 5: Transactions are eliminated when preparing the consolidated financial statements.

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Kinsus Interconnect Technology Corp. and Subsidiaries

Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures)

As of December 31, 2023

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, 2023 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	-%	$12,112	-	$-	
Pegavision Corporation	Money market funds:									
	Yuanta Wan-Tai Money Market Fund	-	Financial assets at fair value through profit or loss	6,400,626	99,464	-%	$2,410,211	-	$-	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	6,475,107	108,390	-%				
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	88,870,417	1,145,000	-%				
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	67,078,751	1,054,557	-%				
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	-%	$31,080	-	$-	
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	1,653,209	26,000	-%				
BeautyTech Platform Corporation	Money market funds:									
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	2,221,592	34,235	-%	$183,569	-	$-	
	Yuanta Wan-Tai Money Market Fund	-	Financial assets at fair value through profit or loss	502,952	8,360	-%				
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	8,932,500	140,000	-%				
FacialBeau International Corporation	Money market funds:									
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	673,797	10,600	-%	$10,605	-	$-	
	Valuation adjustments of financial assets held for trading				4,657					
	Total				$2,647,577					
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

Individual Securities Acquired or Disposed of with accumulated amount of At Least NT$300 Million or 20% of The Paid-In Capital

For the Year Ended December 31, 2023

Attachment 7

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount	
Pegavision Corporation	Money market funds:														
	Yuanta Wan-Tai Money Market Fund Market Fund	Financial assets at fair value through profit or loss	-	-	17,190,427	$264,208	40,450,950	$623,500	51,240,751	$790,500	$788,035	$2,464	6,400,626	$99,550	
											$(122)				Note
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	18,482,095	$306,237	30,343,170	$504,500	42,350,158	$704,500	$702,110	$2,390	6,475,107	$108,558	
											$(69)				Note
	Mega Diamond Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$-	192,441,379	$2,475,000	103,570,962	$1,332,197	$1,330,000	$2,197	88,870,417	$1,146,384	
											$1,384				Note
	FSITC Taiwan Money Market Fund	Financial assets at fair value through profit or loss	-	-	-	$-	273,100,204	$4,280,224	206,021,453	$3,230,800	$3,225,667	$5,133	67,078,751	$1,055,719	
											$1,162				Note
Kinsus Interconnect Technology Suzhou Corp.	Piotek Computer (Suzhou) Corporation	Inivestment accounted for using equity method	-	Associate	-	$-	-	USD 17,340	-	$-	$-	$-	-	USD 17,340	

Note: It is the valuation adjustment related to the financial assets recognized at fair value

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

As of December 31, 2023

Attachment 8

(In Thousands of Foreign Currency / New Taiwan Dollars)

The Company that acquired the real estate	Property name	Date of occurrence (Note 1)	Transaction amount	Payment status	Transaction parties	Relationship	For related party transactions, the previous transfer data				The reference basis for price determination	The purpose of acquisition and its utilization	Other agreed-upon provisions
							All the parties	Relationship to the Company	Transfer date	Amount			
Pegavision Corporation	Land	9/21/2023	$1,912,290	By Contract Note 3	PEGATRON CORPORATION	Ultimate parent company	ASUSTEK COMPUTER INCORPORATION	Non-related party	97.1	Note 2	The price determined based on the valuation by a professional appraisal agency	Meeting business growth needs	None
	Buildings	9/21/2023	$1,127,710	By Contract Note 3	PEGATRON CORPORATION	Ultimate parent company	ASUSTEK COMPUTER INCORPORATION	Non-related party	97.1	Note 2	The price determined based on the valuation by a professional appraisal agency	Meeting business growth needs	None
PEGAVISION VIETNAM COMPANY LIMITED	Right-of-use assets-land	7/5/2023	USD $8,800	By Contract Note 4	GREEN i-PARK CORPORATION	-	-	-	-	-	The price determined based on the valuation by a professional appraisal agency	Capacity expansion	None

Note 1：The date of occurrence of the event referred to means the date of agreement, date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the board of directors or a committee established by it, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

Note 2：The total transfer amount amounted to NT$1,415,191 thousand.

Note 3: As of December 31, 2023, NT$600,000 thousand was paid.

Note 4: NT$161,853 thousand (US$5,280 thousand) was paid.

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, 2023

Attachment 9

(In Thousands of Foreign Currency / 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 Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 51,999	68.87%	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 10,321	71.10%	Note
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	$2,961,338	49.55%	Payment within 90 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $584,894	54.70%	Note
Pegavision Corporation	BeautyTech Platform Corporation	Also a subsidiary under the Company's control	Sales	$296,073	4.95%	Payment within 120 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $114,430	10.70%	Note
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Also a subsidiary under the Company's control	Sales	$274,483	4.59%	Payment within 180 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable $59,203	5.54%	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, 2023

Attachment 10

(In Thousands of Foreign Currency / New Taiwan 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 10,321 (Note and Note 1)	5.65	$-	-	$-	$-
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	$584,894 (Note and Note 1)	6.44	$-	-	$-	$-
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	$114,430 (Note and Note 1)	2.77	$-	-	$-	$-

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, 2023

Attachment 11

(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)
	2023.01.01~2023.12.31						
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Sales revenue	$22,941	Payment within 30 days from the end of delivery month	0.09%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	$306,633	Payment within 60 days from the end of delivery month	0.39%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	$1,614,862	Payment within 60 days from the end of delivery month	6.02%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	$29,855	Payment within 60 days from the end of delivery month	0.04%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other revenue	$26,185	Payment within 30 days from the end of delivery month	0.10%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	$52,285	Payment within 30 days from the end of delivery month by TT	0.19%
1	Pegavision Corporation	Pegavision Japan Inc.	3	Sales revenue	$2,961,338	Payment within 90 days from the end of delivery month	11.04%
1	Pegavision Corporation	Pegavision Japan Inc.	3	Accounts receivable	$584,894	Payment within 90 days from the end of delivery month	0.75%
1	Pegavision Corporation	Gemvision Technology (Jiangsu) Limited	3	Sales revenue	$23,274	Payment within 180 days from the end of delivery month	0.09%
1	Pegavision Corporation	Gemvision Technology (Jiangsu) Limited	3	Operating expense	$19,615	Payment within 180 days from the end of delivery month	0.07%
1	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	$274,483	Payment within 180 days from the end of delivery month	1.02%
1	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	$59,203	Payment within 180 days from the end of delivery month	0.08%
1	Pegavision Corporation	BeautyTech Platform Corporation	3	Sales revenue	$296,073	Payment within 120 days from the end of delivery month	1.10%
1	Pegavision Corporation	BeautyTech Platform Corporation	3	Accounts receivable	$114,430	Payment within 120 days from the end of delivery month	0.15%
1	Pegavision Corporation	BeautyTech Platform Corporation	3	Operating expense	$54,092	Payment within 120 days from the end of delivery month	0.20%
1	Pegavision Corporation	FacialBeau International Corporation	3	Sales revenue	$46,353	Payment within 90 days from the end of delivery month	0.17%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	$61,360	Payment within 30 days from the end of delivery month	0.23%
3	BeautyTech Platform (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Service revenue	$45,036	Payment within 30 days from the end of delivery month	0.17%

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.