

English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 3189

Kinsus Interconnect Technology Corp. and Subsidiaries
Consolidated Financial Statements
With Review Report of Independent Auditors
As of June 30, 2022 and 2021
And For The Six-month Periods Then Ended

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese

Consolidated Financial Statements

Index

Item	Page
1. Cover sheet	1
2. Index	2
3. Independent Auditors' Review Report	3-5
4. Consolidated balance sheets	6-7
5. Consolidated statements of comprehensive income	8
6. Consolidated statements of changes in equity	9
7. Consolidated statements of cash flows	10
8. Footnotes to the consolidated financial statements	
(1) History and organization	11
(2) Date and procedures of authorization of financial statements for issue	11
(3) Newly issued or revised standards and interpretations	11-14
(4) Summary of significant accounting policies	15-20
(5) Significant accounting judgments, estimates and assumptions	20
(6) Contents of significant accounts	20-65
(7) Related party transactions	65-70
(8) Assets pledged as collaterals	70
(9) Significant contingencies and unrecognized contract commitments	70-71
(10) Losses due to major disasters	72
(11) Significant subsequent events	72
(12) Others	72-82
(13) Other disclosures	
1. Information on significant transactions	83
2. Information on investees	84
3. Information on investments in Mainland China	85-90
4. Information on major shareholders	90
(14) Operating segment	90-92

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REVIEW REPORT OF INDEPENDENT AUDITORS

To The Board of Directors of
Kinsus Interconnect Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. (the “Company”) and its subsidiaries as of June 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, the related consolidated statements of changes in equity and cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

(To be continued)

(Continued)

Basis for Qualified Conclusion

As explained in Note 6.(8), the financial statements of the associate and joint venture accounted for under the equity method was not reviewed by independent auditors. The carrying values of the associate and joint venture under equity method amounted to NT\$378,927 thousand and NT\$355,447 thousand as of June 30, 2022 and 2021, respectively. The related shares of profits from the associate and joint venture under the equity method amounted to NT\$(322) thousand, NT\$61,689 thousand, NT\$51,198 thousand and NT\$58,136 thousand for the three-month and six-month period then ended June 30, 2022 and 2021, respectively. The related shares of other comprehensive income from the associate and joint venture under the equity method amounted to NT\$1,220 thousand, NT\$(1,511) thousand, NT\$2,724 thousand and NT\$(1,478) thousand for the three-month and six-month period then ended June 30, 2022 and 2021, respectively.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the associate and joint venture accounted for using equity method been reviewed by independent auditors described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2022 and 2021, and their consolidated financial performance for the three-month and six-month periods then ended and cash flows for the six-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Hong, Mao-Yi

Hong, Mao - yi

Cheng, Ching-Piao

Cheng, Ching-Piao.

Ernst & Young

Taiwan, R.O.C.

July 25th, 2022

Notices to Readers

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

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 June 30, 2022, December 31, 2021 and June 30, 2021 (June 30, 2022 and 2021 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of June 30, 2022		As of December 31, 2021		As of June 30, 2021	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$12,987,884	21	\$15,332,027	26	\$12,018,634	23
1110	Financial assets at fair value through profit or loss	6(2)	732,931	1	616,080	1	863,560	2
1136	Financial assets carried at amortized cost	6(3), 8	20,057	-	20,057	-	466,623	1
1150	Notes receivable, net	6(5)	-	-	4,200	-	6,132	-
1170	Accounts receivable, net	6(6)	7,024,056	11	5,648,004	10	5,466,215	11
1180	Accounts receivable - related parties, net	6(6), 7	10,844	-	26,311	-	42,269	-
1200	Other receivables		581,700	1	406,415	1	280,222	-
1210	Other receivables - related parties	7	14	-	367	-	241	-
1310	Inventories, net	6(7)	3,922,990	6	3,465,944	6	2,975,114	6
1410	Prepayments		671,234	1	532,717	1	498,458	1
1470	Other current assets		346,664	1	372,182	-	373,220	1
11xx	Total current assets		<u>26,298,374</u>	<u>42</u>	<u>26,424,304</u>	<u>45</u>	<u>22,990,688</u>	<u>45</u>
	Non-current assets							
1517	Financial assets at fair value through OCI	6(4)	51,000	-	51,000	-	51,000	-
1550	Investment accounted for under equity method	6(8)	378,927	1	325,005	1	355,447	1
1600	Property, plant and equipment, net	6(9), 8	29,062,572	46	24,413,455	42	23,190,992	45
1755	Right-of-use asset	6(23)	601,898	1	353,295	1	317,316	1
1780	Intangible assets	6(10)	47,473	-	33,218	-	37,390	-
1840	Deferred income tax assets	4	34,402	-	23,053	-	30,170	-
1900	Other non-current assets	6(11), 7, 8	85,455	-	91,805	-	91,107	-
1915	Prepayment for acquiring machinery	6(9), 9	6,396,156	10	6,671,013	11	3,856,805	8
15xx	Total non-current assets		<u>36,657,883</u>	<u>58</u>	<u>31,961,844</u>	<u>55</u>	<u>27,930,227</u>	<u>55</u>
1xxx	Total Assets		<u>\$62,956,257</u>	<u>100</u>	<u>\$58,386,148</u>	<u>100</u>	<u>\$50,920,915</u>	<u>100</u>

(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 June 30, 2022, December 31, 2021 and June 30, 2021 (June 30, 2022 and 2021 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of June 30, 2022		As of December 31, 2021		As of June 30, 2021	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(12)	\$2,141,034	4	\$1,099,846	2	\$3,008,290	6
2130	Contract liability	6(21)	117,258	-	111,350	-	219,737	-
2150	Notes payable		23,838	-	28,636	-	49,537	-
2170	Accounts payable		2,575,069	4	2,886,877	5	2,690,267	5
2200	Other payables	6(13), 7	9,044,329	15	7,234,272	13	5,971,974	12
2230	Current income tax liabilities	4	1,391,472	2	754,071	1	400,142	1
2280	Lease liability	6(23)	144,365	-	52,396	-	43,279	-
2300	Other current liabilities	6(14)	1,108,675	2	1,634,143	3	921,527	2
2365	Refund liability	6(15)	213,120	-	181,108	-	140,947	-
21xx	Total current liabilities		16,759,160	27	13,982,699	24	13,445,700	26
	Non-current liabilities							
2527	Contract liability	6(21)	878,701	1	-	-	-	-
2540	Long-term loans	6(16), 8	8,328,215	13	9,387,273	16	7,369,370	15
2570	Deferred income tax liabilities	4	44,440	-	26,016	-	30,619	-
2580	Lease liability	6(23)	303,252	1	109,107	-	75,620	-
2600	Other non-current liabilities	6(17)	2,024,828	3	1,891,955	3	160,715	-
25xx	Total non-current liabilities		11,579,436	18	11,414,351	19	7,636,324	15
2xxx	Total liabilities		28,338,596	45	25,397,050	43	21,082,024	41
31xx	Equity attributable to shareholders of the parent							
3100	Capital	6(19)						
3110	Common stock		4,508,441	7	4,508,441	8	4,508,441	9
3200	Capital surplus	6(19)	6,633,051	11	6,633,051	11	6,633,050	13
3300	Retained earnings	6(19)						
3310	Legal reserve		4,087,701	6	3,700,821	6	3,700,821	7
3320	Special reserve		203,108	-	181,016	-	181,016	-
3350	Unappropriated earnings		15,436,413	25	14,249,110	25	11,491,401	23
3400	Other components of equity		(146,999)	-	(203,107)	-	(215,739)	-
36xx	Non-controlling interests	6(19)	3,895,946	6	3,919,766	7	3,539,901	7
3xxx	Total equity		34,617,661	55	32,989,098	57	29,838,891	59
	Total liabilities and equity		\$62,956,257	100	\$58,386,148	100	\$50,920,915	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 three-month and six-month periods ended June 30, 2022 and 2021 (Reviewed but unaudited)

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

Code	Accounts	Notes	For the three-month period ended June 30, 2022		For the three-month period ended June 30, 2021		For the six-month period ended June 30, 2022		For the six-month period ended June 30, 2021	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(21), 7	\$11,453,611	100	\$8,725,355	100	\$21,467,870	100	\$15,951,341	100
5000	Operating costs		(7,204,348)	(63)	(6,360,730)	(73)	(13,696,327)	(64)	(11,988,511)	(75)
5900	Gross profit		4,249,263	37	2,364,625	27	7,771,543	36	3,962,830	25
6000	Operating expenses	7								
6100	Sales and marketing		(235,882)	(2)	(238,025)	(3)	(469,123)	(2)	(464,758)	(3)
6200	General and administrative		(684,082)	(6)	(408,311)	(5)	(1,320,439)	(6)	(735,799)	(4)
6300	Research and development		(592,864)	(5)	(632,221)	(7)	(1,174,788)	(6)	(1,227,269)	(8)
6450	Expected credit gains (losses)	6(22)	(6,748)	-	(308)	-	(3,212)	-	(11,730)	-
	Total operating expenses		(1,519,576)	(13)	(1,278,865)	(15)	(2,967,562)	(14)	(2,439,556)	(15)
6900	Operating income		2,729,687	24	1,085,760	12	4,803,981	22	1,523,274	10
7000	Non-operating incomes and expenses									
7100	Interest income	6(25)	19,505	-	8,605	-	29,559	-	17,878	-
7010	Other incomes	6(25), 7	66,873	1	21,340	-	144,529	1	40,370	-
7020	Other gains and losses	6(25)	150,531	1	(30,179)	-	175,791	1	(26,252)	-
7050	Finance costs	6(25), 7	(38,286)	-	(16,211)	-	(65,428)	-	(31,384)	-
7060	Share of profit or loss of associates and joint ventures	6(8)	(322)	-	61,689	1	51,198	-	58,136	-
	Total non-operating incomes and expenses		198,301	2	45,244	1	335,649	2	58,748	-
7900	Income before income tax		2,927,988	26	1,131,004	13	5,139,630	24	1,582,022	10
7950	Income tax expense	4, 6(27)	(633,070)	(6)	(118,258)	(1)	(1,123,585)	(5)	(196,668)	(1)
8200	Net income		2,294,918	20	1,012,746	12	4,016,045	19	1,385,354	9
8300	Other comprehensive income (loss)	6(26)								
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign operations		(52,849)	-	(29,531)	(1)	53,105	-	(43,744)	(1)
8370	Share of the other comprehensive profit or loss of joint ventures		1,220	-	(1,511)	-	2,724	-	(1,478)	-
	Total other comprehensive income (loss), net of tax		(51,629)	-	(31,042)	(1)	55,829	-	(45,222)	(1)
8500	Total comprehensive income		\$2,243,289	20	\$981,704	11	\$4,071,874	19	\$1,340,132	8
8600	Net income attributable to:									
8610	Shareholders of the parent		\$2,095,669	18	\$852,908	10	\$3,625,073	17	\$1,111,031	7
8620	Non-controlling interests		199,249	2	159,838	2	390,972	2	274,323	2
			\$2,294,918	20	\$1,012,746	12	\$4,016,045	19	\$1,385,354	9
8700	Comprehensive income attributable to:									
8710	Shareholders of the parent		\$2,049,794	18	\$829,792	9	\$3,681,181	17	\$1,076,307	7
8720	Non-controlling interests		193,495	2	151,912	2	390,693	2	263,825	1
			\$2,243,289	20	\$981,704	11	\$4,071,874	19	\$1,340,132	8
9750	Earnings per share-basic (in NTD)	6(28)	\$4.65		\$1.89		\$8.04		\$2.47	
9850	Earnings per share-diluted (in NTD)	6(28)	\$4.60		\$1.89		\$7.95		\$2.46	

(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 six-month periods ended June 30, 2022 and 2021 (Reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity
		Common Stock	Capital Surplus	Retained Earnings			Others		Treasury Stock	Total		
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit				
		3100	3200	3310	3320	3350	3410	3490	3500	31XX	36XX	3XXX
A1	Balance as of January 1, 2021	\$4,508,625	\$6,632,030	\$3,647,505	\$183,405	\$10,882,082	\$(181,015)	\$(2,837)	\$(143)	\$25,669,652	\$3,519,907	\$29,189,559
	Appropriation and distribution of 2020 earnings											
B1	Legal reserve			53,316		(53,316)				-		-
B3	Special reserve				(2,389)	2,389				-		-
B5	Cash dividends-common shares					(450,847)				(450,847)		(450,847)
D1	Net income for the six-month period ended June 30, 2021					1,111,031				1,111,031	274,323	1,385,354
D3	Other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2021						(34,724)			(34,724)	(10,498)	(45,222)
D5	Total comprehensive income (loss)	-	-	-	-	1,111,031	(34,724)	-	-	1,076,307	263,825	1,340,132
O1	Non-controlling interests increase (decrease)										(243,831)	(243,831)
T1	Employee restricted shares for cancellation and others	(184)	1,020			62		2,837	143	3,878		3,878
Z1	Balance as of June 30, 2021	\$4,508,441	\$6,633,050	\$3,700,821	\$181,016	\$11,491,401	\$(215,739)	\$-	\$-	\$26,298,990	\$3,539,901	\$29,838,891
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-common shares					(2,028,798)				(2,028,798)		(2,028,798)
D1	Net income for the six-month period ended June 30, 2022					3,625,073				3,625,073	390,972	4,016,045
D3	Other comprehensive income (loss), net of tax, for the six-month period ended June 30, 2022						56,108			56,108	(279)	55,829
D5	Total comprehensive income (loss)	-	-	-	-	3,625,073	56,108	-	-	3,681,181	390,693	4,071,874
O1	Non-controlling interests increase (decrease)										(414,513)	(414,513)
Z1	Balance as of June 30, 2022	\$4,508,441	\$6,633,051	\$4,087,701	\$203,108	\$15,436,413	\$(146,999)	\$-	\$-	\$30,721,715	\$3,895,946	\$34,617,661

(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 six-month periods ended June 30, 2022 and 2021 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the six-month period ended June 30,		Code	Items	For the six-month period ended June 30,	
		2022	2021			2022	2021
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$5,139,630	\$1,582,022	B00040	Decrease (increase) in financial assets measured at amortized cost	-	544
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(8,154,883)	(7,841,173)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	350,516	15,671
A20100	Depreciation(including right-of-use asset)	2,332,739	2,089,968	B03800	Decrease (increase) in refundable deposits	6,350	29,814
A20200	Amortization	43,563	22,044	B04500	Acquisition of intangible assets	(59,092)	(27,358)
A20300	Expected credit losses (gain on recovery)	3,212	11,730	B09900	Proceeds from right-of-use assets	138,008	-
A20400	Net gain of financial assets at fair value through P/L	(925)	(1,317)	BBBB	Net cash provided by (used in) investing activities	(7,719,101)	(7,822,502)
A20900	Interest expense	65,428	31,384				
A21200	Interest income	(29,559)	(17,878)				
A21900	Cost of share based payment	-	3,836	CCCC	Cash flows from financing activities:		
A22300	Share of profit or loss of associates and joint ventures	(51,198)	(58,136)	C00100	Increase in (repayment of) short-term loans	1,041,188	367,983
A22500	Loss (gain) on disposal of property, plant and equipment	(176,057)	(8,510)	C01600	Increase in long-term loans	408,167	5,168,820
A23700	Impairment loss on non-financial assets	17,631	6,107	C01700	Repayments of long-term loans	(1,263,220)	(580,179)
A29900	Gain on lease modification	(97,440)	(684)	C03000	Increase (decrease) in deposits received	139,025	17,774
A29900	Gain on government grants	(6,343)	(3,746)	C04020	Cash payments for the principal portion of the lease liability	(42,869)	(24,253)
A29900	Loss from fire	2,526	-	CCCC	Net cash provided by (used in) financing activities	282,291	4,950,145
A30000	Changes in operating assets and liabilities:						
A31110	Financial assets at fair value through P/L	(115,926)	731,820	DDDD	Effect of exchange rate changes	39,709	(18,610)
A31130	Notes receivable	4,200	(4,950)				
A31150	Accounts receivable	(1,379,429)	(1,100,782)	EEEE	Increase (decrease) in cash and cash equivalents	(2,344,143)	353,702
A31160	Accounts receivable - related parties	15,467	(17,407)	E00100	Cash and cash equivalents at beginning of period	15,332,027	11,664,932
A31180	Other receivables	(172,287)	(139,339)	E00200	Cash and cash equivalents at end of period	\$12,987,884	\$12,018,634
A31190	Other receivables - related parties	353	3,873				
A31200	Inventories	(457,046)	(86,097)				
A31230	Prepayments	(222,727)	(285,716)				
A31240	Other current assets	25,518	(85,624)				
A32125	Contract liabilities	5,908	58,006				
A32130	Notes payable	(4,798)	3,117				
A32150	Accounts payable	(311,808)	331,462				
A32180	Other payables	832,210	304,110				
A32230	Other current liabilities	64,215	9,226				
A32240	Net defined benefit liability	(2,129)	(2,186)				
A32990	Refund liability	32,012	(65,570)				
A33000	Cash generated from (used in) operations	5,556,940	3,310,763				
A33100	Interest received	26,571	18,153				
A33300	Interest paid	(50,904)	(24,526)				
A33500	Income tax paid	(479,649)	(59,721)				
AAAA	Net cash provided by (used in) operating activities	5,052,958	3,244,669				

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

1. HISTORY AND ORGANIZATION

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

Pegatron Corporation is the ultimate controller of the Group to which the Company belongs.

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on July 25, 2022.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements for the six-month periods ended June 30, 2022 and 2021 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34, “Interim Financial Reporting,” as endorsed and became effective by the FSC.

Except for the following 4(4)~4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2021. For more details, please refer to Note 4 of the Company’s consolidated financial statements for the year ended December 31, 2021.

(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

The same principles of consolidation have been applied in the Company’s consolidated financial statements as those applied in the Company’s consolidated financial statements for the year ended December 31, 2021. For the principles of consolidation, please refer to Note 4(3) of the Company’s consolidated financial statements for the year ended December 31, 2021.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of Ownership (%), as of		
			Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2021
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%	51.00%
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	30.33% (Note)	30.33% (Note)	30.33% (Note)
KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high- density fine-line)	100.00%	100.00%	100.00%

Investor	Subsidiary	Main business	Percentage of Ownership (%), as of		
			Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2021
KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high- density fine-line)	100.00%	100.00%	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after- sale services	100.00%	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical equipment	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	Pegavision (Jiangsu) Limited	Producing and Selling medical equipment	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00%	100.00%	100.00%

Investor	Subsidiary	Main business	Percentage of Ownership (%), as of		
			Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2021
PEGAVISION CORPORATION	BeautyTech Platform Corporation	Selling medical equipment	-% (Note 1)	-% (Note 1)	100.00%
PEGAVISION CORPORATION	Mayin Investment Co., Ltd.	Investing activities	100.00% (Note 1)	100.00% (Note 1)	Not applicable
Pegavision Contact Lenses (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	Selling medical equipment	100.00%	100.00%	100.00%
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Selling medical equipment	100.00% (Note 1)	100.00% (Note 1)	Not applicable
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Selling cosmetic products	55.00% (Note 1)	55.00% (Note 1)	Not applicable
BeautyTech Platform Corporation	Aquamax Vision Corporation	Selling medical equipment	100.00%	100.00%	100.00%
BeautyTech Platform Corporation	BeautyTech Platform (Shanghai) Corporation	Selling medical equipment	100.00% (Note 1)	Not applicable	Not applicable
FacialBeau International Corporation	Pegavision (Jiangsu) Limited	Producing and Selling medical equipment	100.00% (Note 1)	Not applicable	Not applicable
FacialBeau International Corporation	IKIDO Inc.	Producing and Selling cosmetic products	100.00% (Note 1)	Not applicable	Not applicable

Note: The Group had 30.33% ownership of Pegavision Corporation as of June 30, 2022, December 31, 2021 and June 30, 2021. However the Group possesses control over the entity as it has been the single largest shareholder since the Group invested in Pegavision Corporation. The Group and the parent company hold more than 45% of voting right while the remaining equity is individually held by numerous shareholders without contractual rights. The Group therefore has control over the entity.

Note1: To improve the synergy of the Group, the board of directors decided to reorganize and set up the Subsidiaries at July 26, 2021:

- (a)The equity of BeautyTech Platform Corporation was transferred to Mayin Investment Co., Ltd. from Pegavision Corporation.
- (b)Mayin Investment Co., Ltd. which is 100% held by Pegavision Corporation was registered at August 19, 2021.
- (c)FacialBeau International Corporation which is 55% held by Mayin Investment Co., Ltd. was registered at October 22, 2021.
- (d)BeautyTech Platform (Shanghai) Corporation which is 100% held by BeautyTech Platform Corporation was registered at January 24, 2022.
- (e)Pegavision (Jiangsu) Limited which is 100% held by FacialBeau International Corporation was registered at February 25, 2022. The investment amount has not been remitted as at June 30, 2022.
- (f)IKIDO Inc. which is 100% held by FacialBeau International Corporation was registered at March 14, 2022. The investment amount has not been remitted as at June 30, 2022.

(4) Post-employment benefits

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

(5) Income tax

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

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.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the six-month period ended June 30, 2022 as those applied in the Company's consolidated financial statements for the year ended December 31, 2021. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December 31, 2021.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Cash and petty cash	\$6,198	\$4,585	\$2,879
Checking and saving	3,809,446	5,488,132	4,056,399
Time deposit	9,172,240	9,839,310	7,959,356
Total	<u>\$12,987,884</u>	<u>\$15,332,027</u>	<u>\$12,018,634</u>

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

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Mandatorily measured at fair value through profit or loss:			
Money market fund	\$707,274	\$591,278	\$838,945
Valuation adjustment	25,657	24,802	24,615
Total	<u>\$732,931</u>	<u>\$616,080</u>	<u>\$863,560</u>
Current	<u>\$732,931</u>	<u>\$616,080</u>	<u>\$863,560</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

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

(3) Financial assets measured at amortized cost

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Time deposits	\$20,057	\$20,057	\$423,057
Restricted deposits	-	-	43,566
Total	<u>\$20,057</u>	<u>\$20,057</u>	<u>\$466,623</u>
Current	<u>\$20,057</u>	<u>\$20,057</u>	<u>\$466,623</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

Please refer to Note 8 for more details on financial assets measured at amortized cost pledged as collateral.

(4) Financial assets at fair value through other comprehensive income

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Equity instruments investments measured at fair value through other comprehensive income – Non-current:			
Unlisted company stocks	\$51,000	\$51,000	\$51,000

No financial assets at fair value through other comprehensive income was pledged as collateral.

(5) Notes receivable

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Notes receivable arising from operating activities	\$-	\$4,200	\$6,132
Less: loss allowance	-	-	-
Total	\$-	\$4,200	\$6,132

Notes receivables 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		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Accounts receivable, gross	\$7,054,277	\$5,674,848	\$5,497,952
Less: allowance against doubtful accounts	(30,221)	(26,844)	(31,737)
Net of allowances	7,024,056	5,648,004	5,466,215
Accounts receivable - related parties, gross	10,844	26,311	42,269
Less: allowance against doubtful accounts	-	-	-
Net of allowances	10,844	26,311	42,269
Total accounts receivable, net	\$7,034,900	\$5,674,315	\$5,508,484

B. Account receivables were not pledged.

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

	Financial Institution	Accounts receivable de-recognized (NT\$'000)	Interest Rate	Advance received (NT\$'000)	Collateral	Credit Limit
6/30/2022	Mega International Commercial Bank - LanYa Branch	\$670,737	0.47%~2.02%	\$173,279	None	Note
12/31/2021	Mega International Commercial Bank - LanYa Branch	\$602,015	0.47%~0.50%	\$244,368	None	Note

	Financial Institution	Accounts receivable de-recognized (NT\$'000)	Interest Rate	Advance received (NT\$'000)	Collateral	Credit Limit
6/30/2021	Mega International Commercial Bank - LanYa Branch	\$520,211	0.37%~0.38%	\$355,319	None	Note

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

D. Accounts receivable are generally on 30-90 day terms. The total carrying amount as of June 30, 2022, December 31, 2021 and June 30, 2021, are NT\$7,065,121 thousand, NT\$5,701,159 thousand and NT\$5,540,221 thousand, respectively. Please refer to Note 6 (22) for more details on loss allowance of accounts receivable for the periods ended June 30, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

A. Details of inventory:

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Raw material	\$759,719	\$771,833	\$698,310
Supplies	78,452	70,474	76,593
Work in process	2,202,129	1,904,882	1,576,298
Finished goods	863,177	648,488	544,659
Merchandises	19,513	70,267	79,254
Total	<u>\$3,922,990</u>	<u>\$3,465,944</u>	<u>\$2,975,114</u>

B. For the three-month periods ended June 30, 2022 and 2021, the Group recognized NT\$7,204,348 thousand and NT\$6,360,730 thousand under the caption of costs of sale, respectively. For the six-month periods ended June 30, 2022 and 2021, the Group recognized NT\$13,696,327 thousand and NT\$11,988,511 thousand under the caption of costs of sale, respectively. For the three-month periods ended June 30, 2022 and 2021, the Group recognized 1,092,082 thousand and 940,320 thousand, respectively, which loss from inventory market decline, physical or inventory write-off obsolescence. For the six-month periods ended June 30, 2022 and 2021, the Group recognized 2,054,699 thousand and 1,725,716 thousand, respectively, which loss from inventory market decline, physical or inventory write-off obsolescence.

C. The inventories were not pledged.

(8) Investments accounted for under the equity method

	As of					
	6/30/2022		12/31/2021		6/30/2021	
	Carrying amount (NT\$'000)	Percentage of ownership (%)	Carrying amount (NT\$'000)	Percentage of ownership (%)	Carrying amount (NT\$'000)	Percentage of ownership (%)
Investees						
Investments in associates:						
FuYang Technology Corp.	<u>\$378,927</u>	35.65%	<u>\$325,005</u>	35.65%	<u>\$355,447</u>	35.65%

A. The Company invested cash in FuYang Technology Corp. during May 2016 for interest ownership of 36%. The investment is accounted for as an investment in associates due to the Company's ability to exercise its significant influence.

In May 2017, the Company participated in FuYang's cash offering by unproportionately investing NT\$479,422 thousand for 19,176,872 shares of FuYang and, therefore, recognized a capital surplus amounting to NT\$7,484 thousand. As a result of the offering, the Company's share interest on FuYang decreased to 35.65%.

B. Investments in associates

As of June 30, 2022, December 31, 2021 and June 30, 2021, the aggregate carrying amount of the Group's interests in FuYang Technology Corp. is NT\$378,927 thousand, NT\$325,005 thousand, NT\$355,447 thousand, respectively. The aggregate financial information based on Group's share of FuYang Technology Corp. is as follows:

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Profit or loss from continuing operations	\$(322)	\$61,689	\$51,198	\$58,136
Other comprehensive income (post-tax)	1,220	(1,511)	2,724	(1,478)
Total comprehensive income	<u>\$898</u>	<u>\$60,178</u>	<u>\$53,922</u>	<u>\$56,658</u>

There were no contingent liabilities or capital commitments with respect to the investment in the associate as of June 30, 2022, December 31, 2021 and June 30, 2021. Nor any of the Group's share interest on FuYang was pledged as collateral.

C. The Group's investment accounted for under equity method as of June 30, 2022 and 2021 amounted to NT\$378,927 thousand and NT\$355,447 thousand while the related investment income/loss and joint venture income were NT\$(322) thousand, NT\$61,689 thousand, NT\$51,198 thousand and NT\$58,136 thousand for the three-month and six-month period then ended June 30, 2022 and 2021, respectively. And other comprehensive income were NT\$1,220 thousand, NT\$(1,511) thousand, NT\$2,724 thousand and NT\$(1,478) thousand for the three-month and six-month period then ended June 30, 2022 and 2021, respectively. Please note that the financial statements of the investee for the same correspondent periods were not reviewed.

D. No investment accounted for under equity method was pledged as collateral as of June 30, 2022, December 31, 2021 and June 30, 2021.

(9) Property, plant and equipment

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Owner occupied property, plant and equipment	\$29,062,572	\$24,413,455	\$23,190,992

A. Property, plant and equipment for own-use

	Construction in progress and equipment awaiting inspection (including prepaid equipment)							
	Land	Buildings	Machinery	Office Equipment	Vehicle	Other Equipment		Total
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
<u>Cost:</u>								
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)	2,328	-	-	60,109	6,625,996	6,685,950
Disposals	-	-	(848,569)	(9,120)	-	(93,095)	-	(950,784)
Effect of EX rate	-	134,304	289,106	2,068	229	51,043	4,627	481,377
Reclassification	196,960	93,850	4,146,378	55,497	1,838	344,858	(4,839,381)	-
Loss from Fire	-	(63,680)	-	-	-	(20,955)	-	(84,635)
As of 6/30/2022	<u>\$6,307,423</u>	<u>\$10,241,601</u>	<u>\$34,284,916</u>	<u>\$325,620</u>	<u>\$25,368</u>	<u>\$8,424,991</u>	<u>\$9,802,355</u>	<u>\$69,412,274</u>
As of 1/1/2021	\$2,979,392	\$8,639,244	\$26,982,667	\$259,713	\$20,043	\$7,684,122	\$2,597,912	\$49,163,093
Addition	-	-	1,658	20	-	93,887	8,785,732	8,881,297
Disposals	-	-	(333,028)	-	-	(88,093)	-	(421,121)
Effect of EX rate	-	(46,569)	(115,077)	(984)	(142)	(20,827)	(840)	(184,439)
Reclassification	3,132,634	1,412,217	2,060,556	9,339	525	268,810	(6,884,081)	-
As of 6/30/2021	<u>\$6,112,026</u>	<u>\$10,004,892</u>	<u>\$28,596,776</u>	<u>\$268,088</u>	<u>\$20,426</u>	<u>\$7,937,899</u>	<u>\$4,498,723</u>	<u>\$57,438,830</u>
<u>Depreciation and impairment:</u>								
As of 1/1/2022	\$-	\$3,510,712	\$22,709,441	\$236,568	\$17,449	\$5,721,728	\$-	\$32,195,898
Depreciation	-	255,100	1,582,671	18,502	1,073	428,803	-	2,286,149
Impairment loss	-	198	-	1,101	-	14,708	-	16,007
Disposal	-	-	(836,105)	(4,392)	-	(92,839)	-	(933,336)
Effect of EX rate	-	79,467	271,890	1,902	201	44,676	-	398,136
Loss from Fire	-	(4,203)	-	-	-	(5,105)	-	(9,308)
As of 6/30/2022	<u>\$-</u>	<u>\$3,841,274</u>	<u>\$23,727,897</u>	<u>\$253,681</u>	<u>\$18,723</u>	<u>\$6,111,971</u>	<u>\$-</u>	<u>\$33,953,546</u>

	Land	Buildings	Machinery	Office Equipment	Vehicle	Other Equipment	Construction in progress and equipment awaiting inspection (including prepaid equipment)	Total
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
As of 1/1/2021	\$-	\$3,085,988	\$20,478,512	\$211,312	\$15,629	\$5,094,500	\$-	\$28,885,941
Depreciation	-	185,039	1,391,807	13,768	904	470,668	-	2,062,186
Impairment loss	-	5,900	207	-	-	-	-	6,107
Disposal	-	-	(325,867)	-	-	(88,093)	-	(413,960)
Effect of EX rate	-	(24,676)	(105,148)	(890)	(119)	(18,408)	-	(149,241)
Reclassification	-	-	(1)	-	-	1	-	-
As of 6/30/2021	\$-	\$3,252,251	\$21,439,510	\$224,190	\$16,414	\$5,458,668	\$-	\$30,391,033

Net carrying amount:

As of 6/30/2022	\$6,307,423	\$6,400,327	\$10,557,019	\$71,939	\$6,645	\$2,313,020	\$9,802,355	\$35,458,728
As of 12/31/2021	\$6,110,463	\$6,568,898	\$7,986,232	\$40,607	\$5,852	\$2,361,303	\$8,011,113	\$31,084,468
As of 6/30/2021	\$6,112,026	\$6,752,641	\$7,157,266	\$43,898	\$4,012	\$2,479,231	\$4,498,723	\$27,047,797

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

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

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Property, plant and equipment	\$29,062,572	\$24,413,455	\$23,190,992
Prepayment for acquiring machinery	6,396,156	6,671,013	3,856,805
Total	\$35,458,728	\$31,084,468	\$27,047,797

- D. For the three-month periods ended June 30, 2022 and 2021, NT\$6,973 thousand and NT\$6,107 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. For the six-month periods ended June 30, 2022 and 2021, NT\$16,007 thousand and NT\$6,107 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable value is measured at usage values by the individual units.
- E. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.
- F. The Company purchased 40 parcels of land with a total area of 36,115.24 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443, 1479, 1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001, 697 to 700 and 712 to 726 at RongHua Section, XinFeng Village. Due to regulatory restrictions, the agricultural land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been set aside with the Company being the obligee.
- G. The Group leased a factory area to FuYang Technology Corp. where a fire occurred on October 11, 2020. For the six-month period ended June 30, 2022, the Group recognized property, plant and equipment - loss from fire in the amount of NT\$75,327 thousand, and the loss caused by the subsequent restoration of the plant was NT\$84,210 thousand. In the second quarter of 2022, the compensation of damage to buildings and equipment amounted to NT\$157,011 thousand, and the net loss from the abovementioned fire damage was NT\$2,526 thousand, which was booked under other profits and losses - loss from fire. Please refer to note 10 for details.

(10) Intangible assets

	Computer software (NT\$'000)
<u>Cost:</u>	
As of 1/1/2022	\$73,453
Additions – acquired separately	59,092
Derecognized upon retirement	(45,488)
Reclassification	-
Effect of exchange rate changes	665
As of 6/30/2022	<u>\$87,722</u>

	Computer software (NT\$'000)
As of 1/1/2021	\$64,197
Additions – acquired separately	27,358
Derecognized upon retirement	(15,601)
Reclassification	-
Effect of exchange rate changes	(127)
As of 6/30/2021	<u>\$75,827</u>

Amortization and Impairment:

As of 1/1/2022	\$40,235
Amortization	43,563
Impairment loss	1,624
Derecognized upon retirement	(45,488)
Reclassification	-
Effect of exchange rate changes	315
As of 6/30/2022	<u>\$40,249</u>

As of 1/1/2021	\$32,092
Amortization	22,044
Derecognized upon retirement	(15,601)
Reclassification	-
Effect of exchange rate changes	(98)
As of 6/30/2021	<u>\$38,437</u>

Carrying amount, net:

As of 6/30/2022	<u>\$47,473</u>
As of 12/31/2021	<u>\$33,218</u>
As of 6/30/2021	<u>\$37,390</u>

Amounts of amortization recognized for intangible assets are as follows:

	For the three-month period		For the six-month period	
	ended June 30,		ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'00)
Cost of goods sold	\$92	\$62	\$164	\$123
Selling	125	130	345	271
General and administrative	33,393	11,308	42,358	21,224
Research and development	369	224	696	426
Total	<u>\$33,979</u>	<u>\$11,724</u>	<u>\$43,563</u>	<u>\$22,044</u>

(11) Other non-current assets

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Refundable deposits	<u>\$85,455</u>	<u>\$91,805</u>	<u>\$91,107</u>

(12) Short-term loans

	Interest interval	As of		
		6/30/2022	12/31/2021	6/30/2021
	(%)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Unsecured bank loans	1.50% ~ 4.52%	<u>\$2,141,034</u>	<u>\$1,099,846</u>	<u>\$3,008,290</u>

The Group's unused short-term lines of credits amount to NT\$8,856,894 thousand, NT\$7,803,953 thousand and NT\$5,209,312 thousand, as of June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

(13) Other payable

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Accrued expense	\$5,476,716	\$4,229,993	\$3,280,931
Dividends payable	2,028,798	-	450,847
Equipment payable	1,531,974	3,000,907	2,237,629
Accrued interest	6,841	3,372	2,567
Total	\$9,044,329	\$7,234,272	\$5,971,974

(14) Other current liabilities

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Other current liabilities	\$117,791	\$189,715	\$113,713
Current portion of long-term loans	980,669	690,838	800,068
Fund collected for purchase of equipment on behalf of others (Note)	-	742,562	-
Deferred revenue	10,215	11,028	7,746
Total	\$1,108,675	\$1,634,143	\$921,527

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

(15) Refund liability

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Refund liability	\$213,120	\$181,108	\$140,947

(16) Long-term loans

Details of long-term loans were as follows:

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 6/30/2022 (NT\$'000)	
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2025.12.18- 2028.11.15	\$2,236,663	Note 3, 7, 12 and 19
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	49,205	Note 17
Mega International Commercial Bank – LanYa Branch	Credit loan	2026.12.31- 2036.06.28	4,387,469	Note 1, 2, 5, 10, 11 and 15
Mega International Commercial Bank – LanYa Branch	Secured loan	2026.09.15	4,934	Note 16
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2025.03.15- 2029.06.29	648,222	Note 5 and 18
Chang Hwa Commercial Bank – BeiTou Branch	Secured loan	2031.06.21	219,000	Note 13
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04- 2026.12.31	1,763,391	Note 4, 6 and 9
Total			9,308,884	
Less: current portion			(980,669)	
Non-current portion			<u>\$8,328,215</u>	

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 12/31/2021 (NT\$'000)	
Mega International Commercial Bank – LanYa Branch	Credit loan	2026.12.31- 2036.06.28	\$5,257,804	Note 1, 2, 5, 10, 11 and 15
Mega International Commercial Bank – LanYa Branch	Secured loan	2026.09.15	4,922	Note 16
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2025.12.18- 2028.11.15	2,267,055	Note 3, 7, 8, 12 and 19
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	49,079	Note 17
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2025.03.15- 2027.08.15	548,912	Note 5 and 18
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04- 2026.12.31	1,950,339	Note 4, 6 and 9
Total			10,078,111	
Less: current portion			(690,838)	
Non-current portion			<u>\$9,387,273</u>	

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 6/30/2021 (NT\$'000)	
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2025.12.18- 2027.09.15	\$1,384,531	Note 3 and 19
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	48,957	Note 17

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 6/30/2021 (NT\$'000)	
Mega International Commercial Bank – LanYa Branch	Credit loan	2021.09.05- 2036.06.28	4,504,476	Note 2, 5, 10, 11 and 12
Chang Hwa Commercial Bank – Beitou Branch	Credit loan	2025.03.15- 2028.09.15	548,111	Note 5 and 18
Standard Chartered Bank –Xinwu Branch	Credit loan	2021.09.28	150,000	Note 14
The Bank of Taiwan –Beitou Branch	Credit loan	2026.11.04- 2027.09.30	1,533,363	Note 6 and 9
Total			8,169,438	
Less: current portion			(800,068)	
Non-current portion			<u>\$7,369,370</u>	

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

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

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

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

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

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

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

- Note 8: Loan period is 7 years. Grace period is 2 year. Interest shall be paid monthly with principal repaid every 3 months (84 terms). The rest is repayable in installments of equal amount for 20 terms.
- Note 9: A term is defined as every month starting from the initial draw-down date. Grace period is 11 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 60 terms.
- Note 10: A term is defined as every month starting from the initial draw-down date. Grace period is 21 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.
- Note 11: A term is defined as every month starting from the initial draw-down date. Grace period is 22 months. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.
- Note 12: A term is defined as every 3 months starting from the initial draw-down date. Loan period is 5 years. Grace period is 5 year. Interest shall be paid monthly with principal repaid every 3 months. The rest is repayable in installments of equal amount for 16 terms.
- Note 13: A term is defined as every month starting from the initial draw-down date. Grace period is 3 year (36 terms). The rest is repayable in installments of equal amount for 204 terms.
- Note 14: Grace period is 18 months from the initial draw-down date. 18 months after the initial draw-down date is considered the 1st term and the following terms are defined as every 6 months since then. The principal and interest are repayable in installments of equal amount for 4 terms.
- Note 15: Grace period is 3 years from the initial draw-down date. A term is defined as every 3 months since the forth year. The principal and interest are repayable in installments of equal amount for 16 terms.
- Note 16: Grace period is 2 years from the initial draw-down date. A term is defined as every month since the third year. The principal and interest are repayable in installments of equal amount for 36 terms.
- Note 17: A term is defined as every month starting from the initial draw-down date. Grace period is 2 years (24 terms). The rest is repayable in installments of equal amount for 96 terms.
- Note 18: A term is defined as every month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 24 terms.
- Note 19: A term is defined as every 3 months starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 16 terms.

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

B. As of June 30, 2022, December 31, 2021 and June 30, 2021, the interest rate intervals for long-term loans were 0.65%~3.06%, 0.40%~1.21% and 0.40%~1.14%, respectively.

The Group obtained from the Ministry of Economy a low-interest government loan amounting NT\$5,820,000 thousands with a term of 5~10 years and annual interest rates of 0.5~0.9% and monthly interest payment on the 15th of each month. The loan was recorded under the caption of other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group satisfy all the terms of the government grant agreement.

(17)Other non-current liabilities

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

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Net defined benefit liability	\$14,130	\$16,259	\$28,180
Deposits received	1,959,432	1,820,407	91,009
Deferred revenue	51,266	55,289	41,526
Total	<u>\$2,024,828</u>	<u>\$1,891,955</u>	<u>\$160,715</u>

(b) The details of the deferred government grants income for the six-month period ended June 30, 2022 and 2021 are as follows:

	For the six-month ended June 30,2022 (NT\$'000)	For the six-month ended June 30,2021 (NT\$'000)
Beginning balance	\$66,317	\$30,512
Received during the period	1,507	22,506
Released to the statement of comprehensive income	(6,343)	(3,746)
Ending Balance	<u>\$61,481</u>	<u>\$49,272</u>

	For the six-month ended June 30, 2022 (NT\$'000)	For the six-month ended June 30, 2021 (NT\$'000)
Current	\$10,215	\$7,746
Non-current	\$51,266	\$41,526

(c) Please refer to Note 6(16) for details on interest rate of deferred government grants income.

(18) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended June 30, 2022 and 2021 were NT\$46,466 thousand and NT\$43,647 thousand, respectively, while for the six-month periods ended June 30, 2022 and 2021 were NT\$93,593 thousand and NT\$87,618 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended June 30, 2022 and 2021 were NT\$33 thousand and NT\$36 thousand, respectively, while for the six-month periods ended June 30, 2022 and 2021 were NT\$67 thousand and NT\$71 thousand, respectively.

(19) Equity

A. Common shares

As of June 30, 2022, December 31, 2021 and June 30, 2021, the Company's authorized capital was NT\$6,000,000 thousand, each share at par value of NT\$10, divided into 600,000 thousand shares. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Company's paid-in capital were NT\$ 4,508,441 thousand, divided into 450,844 thousand shares. Each share represents a voting right and a right to receive dividends.

On January 29, 2021, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$151 thousand. The measurement date was at February 1, 2021.

On April 26, 2021, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$33 thousand. The measurement date was at April 28, 2021.

B. Capital surplus

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Additional paid-in capital	\$6,036,311	\$6,036,311	\$6,036,311
Differences between purchase price and carrying amount arising from acquisition or disposal of subsidiaries	50,925	50,925	50,925
All changes in interests in subsidiaries	529,959	529,959	529,959
Change in joint ventures accounted for using equity method	7,484	7,484	7,484
Change in equity of investment accounted for using equity method	1	1	-
Shared-Based Payment	8,371	8,371	8,371
Restricted stocks for employees	-	-	-
Total	<u>\$6,633,051</u>	<u>\$6,633,051</u>	<u>\$6,633,050</u>

According to the Taiwan Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company up to a certain percentage of paid-in capital. The said capital surplus could be distributed in cash to its shareholders in proportion to the number of shares being held by each of them. Capital surplus related to long-term equity investments cannot be used for any purpose.

C. Treasury stock

Treasury stock amounted to NT\$0, divided into 0 share, as of June 30, 2022, December 31, 2021 and June 30, 2021.

<u>Purpose of repurchase</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>
<u>For the six-month period ended June 30, 2022</u>				
None.				
<u>For the six-month period ended June 30, 2021</u>				
Recover failed restricted stocks	<u>14</u>	<u>4</u>	<u>18</u>	<u>0</u>

According to the Securities and Exchange Law of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of June 30, 2022 were 45,085 thousand shares, with the maximum payments of NT\$25,560,425 thousand.

In compliance with Securities and Exchange Law of the R.O.C., treasury stock should not be pledged, nor should it be entitled to voting rights or receiving dividends.

D. Appropriation of earnings and dividend policies

(a) Earning distribution

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount as legal reserve.
- 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 above-mentioned dividends are distributed to shareholders in the form of 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 shareholder's meeting.

(b) Dividend policies

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

(c) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(d) Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

The Company did not incur any special reserve upon the first-time adoption of T-IFRS.

- (e) The appropriations of earnings for the Year 2021 and 2020 were approved through the shareholders' meetings held on May 27, 2022 and July 12, 2021, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2021 (NT\$'000)	2020 (NT\$'000)	2021	2020
Legal reserve	\$386,880	\$53,316		
Special reserve	22,092	(2,389)		
Cash dividend	2,028,798	450,847	\$4.50	\$1.00
Total	\$2,437,770	\$501,774		

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

E. Non-controlling interests

	For the six-month period ended June 30,	
	2022 (NT\$'000)	2021 (NT\$'000)
Beginning balance	\$3,919,766	\$3,519,907
Net income attributable to NCIs	390,972	274,323
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	(279)	(10,498)
Non-controlling interests increase/(decrease)	(414,513)	(243,831)
Ending balance	\$3,895,946	\$3,539,901

(20) Share-based payment plans

Restricted stocks plan for employees

A. On May 29, 2018, the shareholders' meetings resolved to issue of 5,500 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 30, 2018, the board of directors resolved to issue 4,947 thousand shares.

The measurement date was at August 28, 2018 and total shares issued were 4,841 thousand. The unit market price as of the granted date was NT\$49.1.

On February 18, 2019, the board of directors resolved to issue 659 thousand shares. The measurement date was at March 18, 2019, while total shares issued 599 thousand shares. The unit market price as of the granted date was NT\$43.45.

The employees who acquire the above shares can subscribe shares at the price of NT\$10 per shares while the vesting conditions are as below.

Vesting conditions	Proportion of vested shares
Within one month starting the granted date	20%
April 25, 2019	20%
September 25, 2019	15%
April 25, 2020	15%
September 25, 2020	15%
April 25, 2021	15%

Restriction on employee's right after granted but before vested:

(a) The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted stocks before achieving the vesting conditions.

(b)After new shares of restricted stock are issued, the granted employee should immediately commit to the custodian institution, and not to ask the trustee to return the restricted stock in any other reasons or ways before achieving the vesting conditions.

(c)The restricted stock for employees can participate in receiving dividends during the vesting period.

(d)The right to vote and elect in a shareholders' meeting shall be executed by custodian institution in accordance with related regulations.

On August 28, 2018, the issuance of 4,841 thousand restricted shares for employees resulted in the increase of capital reserve—employee stock option amounting to NT\$184,530 thousand. The restricted stocks plan was invalidated as of June 30, 2022 and 544 thousand shares were recalled. As a result, capital reserve increased by NT\$5,442 thousand and the unearned employee compensation was NT\$0.

On March 18, 2019, the issuance of 599 thousand restricted shares for employees resulted in the increase of capital reserve—employee stock option amounting to NT\$19,396 thousand. The restricted stocks plan was invalidated as of June 30, 2022 and 51 thousand shares were recalled. As a result, capital reserve increased by NT\$513 thousand and the unearned employee compensation was NT\$0.

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

	For the six-month period ended June 30,	
	2022	2021
	(NT\$'000)	(NT\$'000)
Total expense arising from equity-settled share-based payment transactions	\$-	\$3,836

C. The Company did not modify the share-based payment plan for the six-month period ended June 30, 2022 and 2021.

(21) Sales

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Revenue from customer contracts				
Sales of goods	\$11,212,379	\$8,620,142	\$21,047,355	\$15,753,766
Other operating revenue	241,232	105,213	420,515	197,575
Total	<u>\$11,453,611</u>	<u>\$8,725,355</u>	<u>\$21,467,870</u>	<u>\$15,951,341</u>

Analysis of revenue from contracts with customers during the six-month periods ended June 30, 2022 and 2021 are as follows:

A. Disaggregation of revenue

	For the three-month period ended June 30, 2022			
	IC Substrate	PCB	Optics	Total
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Sales of goods	\$9,478,965	\$318,752	\$1,414,662	\$11,212,379
Other	241,232	-	-	241,232
Total	<u>\$9,720,197</u>	<u>\$318,752</u>	<u>\$1,414,662</u>	<u>\$11,453,611</u>

The timing for revenue recognition:

At a point in time	<u>\$9,720,197</u>	<u>\$318,752</u>	<u>\$1,414,662</u>	<u>\$11,453,611</u>
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	For the six-month period ended June 30, 2022			
	IC Substrate	PCB	Optics	Total
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Sales of goods	\$17,360,176	\$784,132	\$2,903,047	\$21,047,355
Other	420,515	-	-	420,515
Total	<u>\$17,780,691</u>	<u>\$784,132</u>	<u>\$2,903,047</u>	<u>\$21,467,870</u>

The timing for revenue recognition:

At a point in time	<u>\$17,780,691</u>	<u>\$784,132</u>	<u>\$2,903,047</u>	<u>\$21,467,870</u>
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For the three-month period ended June 30, 2021				
	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Total (NT\$'000)
Sales of goods	\$6,620,140	\$618,656	\$1,381,346	\$8,620,142
Other	105,213	-	-	105,213
Total	<u>\$6,725,353</u>	<u>\$618,656</u>	<u>\$1,381,346</u>	<u>\$8,725,355</u>

The timing for revenue recognition:

At a point in time	<u>\$6,725,353</u>	<u>\$618,656</u>	<u>\$1,381,346</u>	<u>\$8,725,355</u>
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For the six-month period ended June 30, 2021				
	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Total (NT\$'000)
Sales of goods	\$12,047,231	\$1,179,393	\$2,527,142	\$15,753,766
Other	197,575	-	-	197,575
Total	<u>\$12,244,806</u>	<u>\$1,179,393</u>	<u>\$2,527,142</u>	<u>\$15,951,341</u>

The timing for revenue recognition:

At a point in time	<u>\$12,244,806</u>	<u>\$1,179,393</u>	<u>\$2,527,142</u>	<u>\$15,951,341</u>
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B. Contract balances

(a) Contract liabilities

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Sales of goods	\$989,030	\$98,679	\$207,442
Customer loyalty programs	6,929	12,671	12,295
Total	<u>\$995,959</u>	<u>\$111,350</u>	<u>\$219,737</u>
Current	\$117,258	\$111,350	\$219,737
Non-Current	878,701	-	-
Total	<u>\$995,959</u>	<u>\$111,350</u>	<u>\$219,737</u>

The significant changes in the Group's balances of contract liabilities for the six-month periods ended June 30, 2022 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(93,678)	\$(12,671)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	984,029	6,929

The significant changes in the Group's balances of contract liabilities for the six-month periods ended June 30, 2021 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(79,540)	\$(15,281)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	140,532	12,295

(22) Expected credit losses (gains)

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Operating expenses – Expected credit losses				
Account receivables	\$6,748	\$308	\$3,212	\$11,730

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

The Group measures the loss allowance of its contract assets and accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of June 30, 2022, December 31, 2021 and June 30, 2021 are as follow:

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 follow:

As of June 30, 2022

Group 1	Not past due	Past due					Individual evaluate	Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days		
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)		
Gross carrying amount	\$6,061,990	\$211,354	\$1,522	\$7,206	\$-	\$-	\$-	\$6,282,072
Loss ratio	-%	5%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(10,568)	(228)	(2,162)	-	-	-	(12,958)
Subtotal	6,061,990	200,786	1,294	5,044	-	-	-	6,269,114
Group 2	Not past due	Past due					Individual evaluate	Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days		
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)		
Gross carrying amount	\$686,496	\$84,400	\$1,925	\$-	\$-	\$-	\$10,228	\$783,049
Loss ratio	0.89%	1%	5%	0%	0%	0%	100%	
Lifetime expected credit losses	(6,095)	(844)	(96)	-	-	-	(10,228)	(17,263)
Subtotal	680,401	83,556	1,829	-	-	-	-	765,786
Carrying amount of accounts receivable	\$6,742,391	\$284,342	\$3,123	\$5,044	\$-	\$-	\$-	\$7,034,900

As of December 31, 2021

Group 1	Not past due		Past due				Individual evaluate	Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days		
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)		
Gross carrying amount	\$4,828,296	\$233,421	\$1,329	\$9	\$-	\$-	\$-	\$5,063,055
Loss ratio	-%	5%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(11,671)	(200)	(2)	-	-	-	(11,873)
Subtotal	4,828,296	221,750	1,129	7	-	-	-	5,051,182
Group 2	Not past due		Past due				Individual evaluate	Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days		
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)		
Gross carrying amount	\$633,065	\$21	\$-	\$-	\$-	\$-	\$9,218	\$642,304
Loss ratio	0.91%	1%	0%	0%	0%	0%	100%	
Lifetime expected credit losses	(5,752)	(1)	-	-	-	-	(9,218)	(14,971)
Subtotal	627,313	20	-	-	-	-	-	627,333
Carrying amount of accounts receivable	\$5,455,609	\$221,770	\$1,129	\$7	\$-	\$-	\$-	\$5,678,515

As of June 30, 2021

Group 1	Not past due		Past due				Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	
Gross carrying amount	\$4,818,514	\$150,505	\$-	\$-	\$-	\$21,149	\$4,990,168
Loss ratio	0.07%	5%	15%	30%	50%	75%	
Lifetime expected credit losses	(3,134)	(7,525)	-	-	-	(15,862)	(26,521)
Subtotal	4,815,380	142,980	-	-	-	5,287	4,963,647

Group 2	Not past due (Note) (NT\$'000)	Past due					Total (NT\$'000)
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
		(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	
Gross carrying amount	\$551,769	\$4,416	\$-	\$-	\$-	\$-	\$556,185
Loss ratio	0.94%	1%	0%	0%	0%	0%	
Lifetime expected credit losses	(5,172)	(44)	-	-	-	-	(5,216)
Subtotal	546,597	4,372	-	-	-	-	550,969
Carrying amount of trade receivables	\$5,361,977	\$147,352	\$-	\$-	\$-	\$5,287	\$5,514,616

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 six-month periods ended June 30, 2022 and 2021 is as follows:

	Notes receivable (NT\$'000)	Accounts receivable (NT\$'000)
Beginning balance as of January 1, 2022	\$-	\$26,844
Addition/(reversal) for the current period	-	3,212
Effect of exchange rate	-	165
Ending balance as of June 30, 2022	\$-	\$30,221

	Notes receivable (NT\$'000)	Accounts receivable (NT\$'000)
Beginning balance as of January 1, 2021	\$-	\$20,015
Addition/(reversal) for the current period	-	11,730
Effect of exchange rate	-	(8)
Ending balance as of June 30, 2021	\$-	\$31,737

(23) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment. These leases have terms of between 1 and 50 years. The Group may not allow to privately lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

The effect of leases on the Group's consolidated financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

a. Right-of-use asset

The carrying amount of right-of-use asset

	Land (NT\$'000)	Buildings (NT\$'000)	Machinery and equipment (NT\$'000)	Transportation equipment (NT\$'000)	Total (NT\$'000)
<u>Cost:</u>					
As of 1/1/2022	\$271,757	\$207,324	\$-	\$-	\$479,081
Addition	-	357,948	-	-	357,948
Disposals	(57,544)	(38,939)	-	-	(96,483)
Transfer	-	-	-	-	-
Effect of EX rate	11,547	976	-	-	12,523
As of 6/30/2022	<u>\$225,760</u>	<u>\$527,309</u>	<u>\$-</u>	<u>\$-</u>	<u>\$753,069</u>
As of 1/1/2021	\$277,004	\$164,586	\$17,793	\$2,490	\$461,873
Addition	-	124,319	-	-	124,319
Disposals	-	(143,139)	-	(2,490)	(145,629)
Transfer	-	-	-	-	-
Effect of EX rate	(4,987)	(406)	-	-	(5,393)
As of 6/30/2021	<u>\$272,017</u>	<u>\$145,360</u>	<u>\$17,793</u>	<u>\$-</u>	<u>\$435,170</u>
<u>Depreciation and impairment:</u>					
As of 1/1/2022	\$76,120	\$49,666	\$-	\$-	\$125,786
Depreciation	2,741	43,849	-	-	46,590
Disposal	(16,976)	(7,849)	-	-	(24,825)
Transfer	-	-	-	-	-
Effect of EX rate	3,378	242	-	-	3,620
As of 6/30/2022	<u>\$65,263</u>	<u>\$85,908</u>	<u>\$-</u>	<u>\$-</u>	<u>\$151,171</u>

	Land	Buildings	Machinery and equipment	Transportation equipment	Total
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
As of 1/1/2021	\$72,006	\$62,519	\$13,776	\$1,840	\$150,141
Depreciation	2,793	21,492	3,444	53	27,782
Disposal	-	(56,578)	-	(1,893)	(58,471)
Transfer	-	-	-	-	-
Effect of EX rate	(1,345)	(253)	-	-	(1,598)
As of 6/30/2021	<u>\$73,454</u>	<u>\$27,180</u>	<u>\$17,220</u>	<u>\$-</u>	<u>\$117,854</u>
<u>Net carrying amount:</u>					
As of 6/30/2022	<u>\$160,497</u>	<u>\$441,401</u>	<u>\$-</u>	<u>\$-</u>	<u>\$601,898</u>
As of 12/31/2021	<u>\$195,637</u>	<u>\$157,658</u>	<u>\$-</u>	<u>\$-</u>	<u>\$353,295</u>
As of 6/30/2021	<u>\$198,563</u>	<u>\$118,180</u>	<u>\$573</u>	<u>\$-</u>	<u>\$317,316</u>

b. Lease liability

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Lease liability	<u>\$447,617</u>	<u>\$161,503</u>	<u>\$118,899</u>
Current	\$144,365	\$52,396	\$43,279
Non-current	<u>303,252</u>	<u>109,107</u>	<u>75,620</u>
Total	<u>\$447,617</u>	<u>\$161,503</u>	<u>\$118,899</u>

Please refer to Note 6(25) (D) for the interest on lease liability recognized for the three-month and six-month period ended June 30, 2022 and 2021, and refer to Note 12(5) for the maturity analysis for lease liabilities as at June 30, 2022, December 31, 2021 and June 30, 2021.

(b) Income and costs relating to leasing activities

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
The expense relating to short-term leases (rent expenses)	\$(22,034)	\$(35,687)	\$(59,407)	\$(71,456)
The expense relating to leases of low-value assets (Not including the expense relating to short-term leases of low-value assets)	(105)	(599)	(568)	(1,328)
Income from subleasing right-of-use assets	115	-	115	212

As of June 30, 2022, December 31, 2021, and June 30, 2021, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT\$0.

For the three-month periods ended June 30, 2022 and 2021, the Group recognized NT\$0 and NT\$14 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment; For the six-month periods ended June 30, 2022 and 2021, the Group recognized NT\$238 thousand and NT\$14 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

(c) Cash outflow relating to leasing activities

During the six-month period ended June 30, 2022 and 2021, the Group's total cash outflow for leases amounting to NT\$102,844 thousand and NT\$97,037 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 three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Lease income for operating leases				
Income relating to fixed lease payments	\$1,031	\$421	\$2,419	\$6,518

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of June 30, 2022, December 31, 2021 and June 30, 2021 are as follow:

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Less than one year	\$418	\$392	\$1,136
More than one year but less than five years	1,733	2,027	-
Total	\$2,151	\$2,419	\$1,136

(24) Summary statement of employee benefits, depreciation and amortization by function is as follows:

Function Nature	For the three-month period ended June 30, 2022 (NT\$'000)			For the three-month period ended June 30, 2021 (NT\$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	\$1,588,947	\$540,886	\$2,129,833	\$1,288,233	\$380,821	\$1,669,054
Labor and health insurance	99,838	21,489	121,327	89,268	19,564	108,832
Pension	34,906	11,593	46,499	32,935	10,748	43,683

Function Nature	For the three-month period ended June 30, 2022 (NT\$'000)			For the three-month period ended June 30, 2021 (NT\$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Other employee benefit	68,731	27,716	96,447	54,104	15,301	69,405
Depreciation	1,113,569	101,611	1,215,180	971,187	80,764	1,051,951
Amortization	92	33,887	33,979	62	11,662	11,724

Function Nature	For the six-month period ended June 30, 2022 (NT\$'000)			For the six-month period ended June 30, 2021 (NT\$'000)		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefit						
Salaries & wages	\$3,136,585	\$1,097,542	\$4,234,127	\$2,457,368	\$681,987	\$3,139,355
Labor and health insurance	196,368	42,285	238,653	179,541	39,244	218,785
Pension	70,563	23,097	93,660	66,143	21,546	87,689
Other employee benefit	135,297	49,391	184,688	108,309	30,282	138,591
Depreciation	2,134,159	198,580	2,332,739	1,929,643	160,325	2,089,968
Amortization	164	43,399	43,563	123	21,921	22,044

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 profit of the six-month period ended June 30, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the six-month period ended June 30, 2022 to be not lower than 10% and not higher than 1% of profit of the current six-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended June 30, 2022 amounted to NT\$359,751 thousand and NT\$20,986 thousand, respectively, and, for the six-month period ended June 30, 2022, NT\$623,786 thousand and NT\$36,388 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

Based on profit of the six-month period ended June 30, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the six-month period ended June 30, 2021 to be not lower than 10% and not higher than 1% of profit of the current six-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended June 30, 2021 amounted to NT\$124,014 thousand and NT\$7,549 thousand, respectively, and, for the six-month period ended June 30, 2021, NT\$161,719 thousand and NT\$9,844 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$582,161 thousand and NT\$34,370 thousand, respectively, in a meeting held on February 15, 2022. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2021.

(25) Non-operating incomes and expenses

A. Interest incomes

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Interest income				
Financial assets measured at amortized cost	\$19,505	\$8,605	\$29,559	\$17,878

B. Other incomes

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Government grants	\$3,231	\$2,216	\$6,343	\$3,746
Other income – others	63,642	19,124	138,186	36,624
Total	\$66,873	\$21,340	\$144,529	\$40,370

C. Other gains and losses

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Gain (losses) from disposal of property, plant and equipment	\$156,054	\$6,888	\$176,057	\$8,510
Foreign exchange gain (loss), net	96,149	(28,398)	128,666	(23,873)
Gain on lease modification	97,440	276	97,440	684
Net gain of financial assets at fair value through profit	550	396	925	1,317
Impairment losses	(8,597)	(6,107)	(17,631)	(6,107)
Loss from Fire (net)	(2,526)	-	(2,526)	-
Other losses	(188,539)	(3,234)	(207,140)	(6,783)
Total	\$150,531	\$(30,179)	\$175,791	\$(26,252)

D. Finance costs

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Interest on bank loans	\$37,347	\$15,919	\$64,109	\$30,806
Interests on lease liabilities	939	292	1,319	578
Total	\$38,286	\$16,211	\$65,428	\$31,384

(26) Components of other comprehensive income (OCI)

For the three-month period ended June 30, 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)
<u>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$(52,849)	\$-	\$(52,849)	\$-	\$(52,849)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	1,220	-	1,220	-	1,220
Total OCI	\$(51,629)	\$-	\$(51,629)	\$-	\$(51,629)

For the three-month period ended June 30, 2021

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$(29,531)	\$-	\$(29,531)	\$-	\$(29,531)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,511)	-	(1,511)	-	(1,511)
Total OCI	\$(31,042)	\$-	\$(31,042)	\$-	\$(31,042)

For the six-month period ended June 30, 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)
<u>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$53,105	\$-	\$53,105	\$-	\$53,105
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,724	-	2,724	-	2,724
Total OCI	<u>\$55,829</u>	<u>\$-</u>	<u>\$55,829</u>	<u>\$-</u>	<u>\$55,829</u>

For the six-month period ended June 30, 2021

	Arising during the period (NT\$'000)	Reclassification n during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$(43,744)	\$-	\$(43,744)	\$-	\$(43,744)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,478)	-	(1,478)	-	(1,478)
Total OCI	<u>\$(45,222)</u>	<u>\$-</u>	<u>\$(45,222)</u>	<u>\$-</u>	<u>\$(45,222)</u>

(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 three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Current income tax expense (benefit):				
Current income tax expense	\$635,927	\$123,945	\$1,123,879	\$205,467
Adjustments in respect of current income tax of prior periods	(7,513)	(5,031)	(7,315)	(9,700)
Deferred tax expense (benefit):				
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	4,656	(656)	7,021	901
Total income tax expense	<u>\$633,070</u>	<u>\$118,258</u>	<u>\$1,123,585</u>	<u>\$196,668</u>

B. The assessment of income tax return

As of June 30, 2022, the assessment status of income tax returns of the Company and subsidiaries was as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2019
Subsidiary - Pegavision Corporation	Assessed and approved up to 2019
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2020
Subsidiary - BeautyTech Platform Corporation	Assessed and approved up to 2020
Subsidiary - Mayin Investment Co., Ltd.	The first-time assessment of 2021 has not yet been approved.
Subsidiary - FacialBeau International Corporation	The first-time assessment of 2021 has not yet been approved.

(28) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to the common shareholders of the parent entity by the weighted average number of common shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

A. Basic earnings per share

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
Net income available to common shareholders of the parent (in NT\$'000)	<u>\$2,095,669</u>	<u>\$852,908</u>	<u>\$3,625,073</u>	<u>\$1,111,031</u>
Weighted average number of common shares outstanding (in thousand shares)	<u>450,844</u>	<u>450,444</u>	<u>450,844</u>	<u>450,444</u>
Basic earnings per share (in NT\$)	<u>\$4.65</u>	<u>\$1.89</u>	<u>\$8.04</u>	<u>\$2.47</u>

B. Diluted earnings per share

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
Net income available to common shareholders of the parent (in NT\$'000)	<u>\$2,095,669</u>	<u>\$852,908</u>	<u>\$3,625,073</u>	<u>\$1,111,031</u>
Net income available to common shareholders of the parent after dilution (in NT\$'000)	<u>\$2,095,669</u>	<u>\$852,908</u>	<u>\$3,625,073</u>	<u>\$1,111,031</u>

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
Weighted average number of common shares outstanding (in thousand shares)	450,844	450,444	450,844	450,444
Effect of dilution:				
Employee bonus – stock (in thousand shares)	5,064	1,343	5,064	1,343
Weighted average number of common shares outstanding after dilution (in thousand shares)	455,908	451,787	455,908	451,787
Diluted earnings per share (in NT\$)	\$4.60	\$1.89	\$7.95	\$2.46

No other transactions that would significantly change the outstanding common shares or potential common shares incurred during the period after reporting date and up to the approval date of financial statements.

(29) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

Name	Country	As of		
		6/30/2022	12/31/2021	6/30/2021
PIOTEK HOLDINGS LTD. and its subsidiary	China	49.00%	49.00%	49.00%
Pegavision Corporation and its subsidiary	Taiwan	69.67%	69.67%	69.67%

Accumulated balances of material non-controlling interest:

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
PIOTEK HOLDINGS LTD. and its subsidiary	<u>\$ (19,319)</u>	<u>\$ 75,477</u>	<u>\$ 224,506</u>
Pegavision Corporation and its subsidiary	<u>\$ 3,915,265</u>	<u>\$ 3,844,289</u>	<u>\$ 3,315,395</u>

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

	For the six-month period ended June 30,	
	2022 (NT\$'000)	2021 (NT\$'000)
PIOTEK HOLDINGS LTD. and its subsidiary	<u>\$ (96,041)</u>	<u>\$ (87,809)</u>
Pegavision Corporation and its subsidiary	<u>\$ 487,013</u>	<u>\$ 362,132</u>

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 subsidiary information of profit or loss is as follows:

	For the six-month period ended June 30,	
	2022 (NT\$'000)	2021 (NT\$'000)
Operating revenue	\$ 786,213	\$ 1,179,457
Profit/loss from continuing operation	(196,002)	(179,197)
Total comprehensive income for the period	(193,467)	(191,328)

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

	For the six-month period ended June 30,	
	2022	2021
	(NT\$'000)	(NT\$'000)
Operating revenue	\$2,903,104	\$2,527,142
Profit/loss from continuing operation	699,942	519,811
Total comprehensive income for the period	697,755	513,264

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

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Current assets	\$833,553	\$1,258,443	\$1,348,161
Non-current assets	898,318	952,045	1,026,314
Current liabilities	666,902	1,039,165	1,295,551
Non-current liabilities	1,104,380	1,017,267	620,760

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

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Current assets	\$3,734,990	\$3,262,570	\$3,160,649
Non-current assets	5,845,912	5,302,346	4,542,128
Current liabilities	3,255,044	2,778,429	2,788,849
Non-current liabilities	714,676	278,060	154,949

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

	For the six-month period ended June 30,	
	2022	2021
	(NT\$'000)	(NT\$'000)
Operating activities	\$(516,367)	\$(123,455)
Investing activities	298,398	(31,832)
Financing activities	312,409	78,227
Net increase/(decrease) in cash and cash equivalents	32,785	(65,831)

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

	For the six-month period ended June 30,	
	2022	2021
	(NT\$'000)	(NT\$'000)
Operating activities	\$917,461	\$1,199,843
Investing activities	(1,099,438)	(674,844)
Financing activities	282,616	(68,342)
Net increase/(decrease) in cash and cash equivalents	102,609	449,649

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
AzureWave Technologies (Shanghai) Inc.	Other related parties
PEGATRON JAPAN INC	Other related parties
Maintek Computer (Suzhou) Co., Ltd	Other related parties
GNDC Co., Ltd.	Other related parties

Related parties	Relationship
DIGITEK (CHONGQING) LIMITED	Other related parties
COTEK ELECTRONICS(SUZHOU) CO., LTD.	Other related parties
ASIAROCK TECHNOLOGY LIMITED	Other related parties
PEGATRON CZECH S.R.O	Other related parties
ASROCK RACK INCORPORATION	Other related parties
Casetek Computer (Suzhou) Co., Ltd.	Other related parties

(2) Significant transactions with related parties

A. Sales to

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	\$216	\$340	\$285	\$991
Other related parties	17,072	35,060	32,874	58,148
Total	\$17,288	\$35,400	\$33,159	\$59,139

Selling prices and collection terms to related parties are similar to those to third party customers for the six-month periods ended June 30, 2022 and 2021. The collection terms are 30 to 90 days from the end of delivery month by telegraphic transfer.

B. Lease-related parties

(a) Right-of-use asset

Related parties	Nature	As of		
		6/30/2022	12/31/2021	6/30/2021
		(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	Buildings	\$314,074	\$-	\$-
Other related parties	Buildings	683	1,164	193
Total		\$314,757	\$1,164	\$193

(b) Lease liability

	As of		
	6/30/2022	12/31/2021	6/30/2021
Related parties	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	\$314,385	\$-	\$-
Other related parties	686	1,165	196
Total	\$315,071	\$1,165	\$196

(c) Lease payment (Rental expense)

		For the three-month		For the six-month	
		period ended June 30,		period ended June 30,	
		2022	2021	2022	2021
Related parties	Nature of lease	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	Buildings	\$8,486	\$25,211	\$33,698	\$50,423

(d) Interest expense

		For the three-month		For the six-month	
		period ended June 30,		period ended June 30,	
		2022	2021	2022	2021
Related parties		(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company		\$634	\$-	\$634	\$-
Other related parties		2	1	4	3
Total		\$636	\$1	\$638	\$3

C. For the six-month periods ended June 30, 2022 and 2021, the Group recognized operating expenses of NT\$126 thousand and NT\$94 thousand, respectively, for services provided by other related parties.

Moreover, for the six-month periods ended June 30, 2022 and 2021, the Group recognized operating expenses of NT\$166 thousand (tax included) for services provided by the Parent.

In addition, for the six-month periods ended June 30, 2022 and 2021, the Group incurred operating expenses of NT\$52,861 thousand and NT\$47,316 thousand (tax included), respectively, for utility bills paid by the Parent on behalf of the Group.

For the six-month periods ended June 30, 2022, the Group recognized operating expense of NT\$300 thousand for services provided by other related parties.

For the six-month periods ended June 30, 2021, the Group recognized operating expense of NT\$224 thousand due to subcontracting maintenance and repair on factories to its associate.

D. For the six-month periods ended June 30, 2022 and 2021, the Group recognized rent income of NT\$189 thousand and NT\$543 thousand, respectively, for plants leased to other related parties.

For the six-month periods ended June 30, 2021, the Group recognized rent income of NT\$3,538 thousand for plants leased to the associate.

E. For the six-month periods ended June 30, 2021, the Group recognized expense of NT\$361 thousand, due to paying utilities on behalf of associate.

F. For the six-month periods ended June 30, 2022 and 2021, the Group recognized expense of NT\$2,147 thousand and NT\$2,376 thousand, respectively, for services provided by other related parties.

G. For the six-month periods ended June 30, 2022, the Group recognized operating expense of NT\$2,770 thousand for services provided by the Parent.

H. Accounts receivable - related parties

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	\$296	\$141	\$974
Other related parties	10,548	26,170	41,295
Total	10,844	26,311	42,269
Less: allowance for doubtful accounts	-	-	-
Net	\$10,844	\$26,311	\$42,269

I. Other receivables

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Associate	\$-	\$-	\$21
Other related parties	14	367	220
Total	\$14	\$367	\$241

J. Refundable deposits

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	\$10,000	\$10,000	\$10,000
Other related parties	359	352	349
Total	\$10,359	\$10,352	\$10,349

K. Accrued expenses

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Parent company	\$42,504	\$33,981	\$19,872
Associate	1,224	-	-
Other related parties	325	26	8
Total	\$44,053	\$34,007	\$19,880

L. Salaries and rewards to key management of the Group

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2022	2021	2022	2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
Short-term employee benefits	\$14,395	\$9,295	\$34,309	\$25,120
Post-employee benefits	243	243	486	477
Total	\$14,638	\$9,538	\$34,795	\$25,597

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

Item	Carrying Amount As of			Purpose
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)	
Property, plant and equipment – Land (carrying amount)	\$196,960	\$-	\$-	Long-term secured loans
Property, plant and equipment – Buildings (carrying amount)	117,206	42,036	53,238	Long-term secured loans
Financial assets measured at amortized cost	-	-	43,566	Guarantee of provisional attachment
Refundable deposits	2,000	2,000	2,000	Security deposit to custom authority
Refundable deposits	-	2,535	-	Litigation deposit
Total	\$316,166	\$46,571	\$98,804	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) The Group's unused letters of credit (LC) as of June 30, 2022 were as follows:

Currency	LC Amount (in thousand)		Security (in thousand)
JPY	JPY	\$6,256,578	\$-
USD	USD	18,060	-
EUR	EUR	711	-

- (2) Details of significant constructions in progress and outstanding contracts of property, plant and equipment as of June 30, 2022 were as follows:

Nature of Contract	Contract Amount (NT\$'000)	Amount Paid (NT\$'000)	Outstanding Balance (NT\$'000)
Machinery and construction contracts	\$12,494,056	\$5,331,662	\$7,162,394

The above paid amount was recognized as construction in progress and equipment awaiting inspection.

- (3) The Group had disputes with Wuxi Land Environmental Technology Co.,LTD. (“Wuxi Land Company” hereinafter) regarding the hazardous waste clean up and recycle contract. In June 2020, Wuxi Land Company filed a lawsuit against and Group and requested returning security deposit of RMB 1,000 thousand and prepayment of RMB 9,081 thousand. As of September 30, 2021, the Group received RMB 14,392 thousand from Wuxi Land Company, and the payment was booked under receipts in advance. Wuxi Land Company filed to freeze the advance receipt in August 2020. The People's Court of Huqiu District, Suzhou City ruled to freeze RMB 10,100 thousand, which the Group accounted for under restricted assets. According to the judgment of the Suzhou Intermediate People's Court dated December 3, 2021, the Group shall return security deposit of RMB 1,000 thousand and prepayment of RMB 8,998 thousand to Wuxi Land Company. The Company made the payments in full as of June 30, 2022.
- (4) The Group has entered into a long-term sales agreement with its customer. The customer should fulfill its obligation of making a certain number of orders as agreed in the agreement and the Group shall provide the products to the customer pursuant to the agreement.
- (5) The Group entered into long-term sales agreements with its customers. According to the agreement, after customers pay the deposit in advance, the Group shall provide the products to the customer pursuant to the agreement.

10. SIGNIFICANT DISASTER LOSS

The Group leased a factory area to FuYang Technology Corp. where a fire occurred on October 11, 2020. The Group recognized property, plant and equipment - loss from fire in the amount of NT\$75,327 thousand, and the loss caused by the subsequent restoration of the plant was NT\$84,210 thousand. In the second quarter of 2022, the compensation of damage to buildings and equipment amounted to NT\$157,011 thousand, and the net loss from the abovementioned fire damage was NT\$2,526 thousand, which was booked under other profits and losses - loss from fire for the six-month period ended June 30, 2022.

11. SIGNIFICANT SUBSEQUENT EVENT

On May 27, 2022, the Company's shareholders' meetings resolved to issue 5,400 thousand shares of restricted stocks for employees. The application has been approved by the FSC for issue with Letter Jin-Guan-Cheng-Fa-Zhi-No. 1110347163 issued on June 30, 2022. On July 25, 2022, the board of directors resolved to issue 2,062,500 shares of restrictive employee stock at par value of NT\$10 per share. The issue price was set at NT\$85.6 per share. The total amount issued were NT\$176,550 thousand and the record date was tentatively set at August 19, 2022.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	6/30/2022	12/31/2021	6/30/2021
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through P/L	\$732,931	\$616,080	\$863,560
Financial assets at fair value through OCI	51,000	51,000	51,000
Financial assets measured at amortized cost:			
Cash and petty cash	12,987,884	15,332,027	12,018,634
Time deposit	20,057	20,057	423,057
Restricted deposits	-	-	43,566
Accounts receivable	7,034,900	5,678,515	5,514,616
Other receivables	581,714	406,782	280,463
Total	<u>\$21,408,486</u>	<u>\$22,104,461</u>	<u>\$19,194,896</u>

Financial liabilities

	As of		
	6/30/2022 (NT\$'000)	12/31/2021 (NT\$'000)	6/30/2021 (NT\$'000)
Financial liabilities at amortized cost:			
Short-term borrowings	\$2,141,034	\$1,099,846	\$3,008,290
Trade and other payables	9,199,925	10,149,785	8,711,778
Long-term borrowings (including current portion with maturity less than 1 year)	9,308,884	10,078,111	8,169,438
Lease liabilities (including current portion with maturity less than 1 year)	447,617	161,503	118,899
Total	<u>\$21,097,460</u>	<u>\$21,489,245</u>	<u>\$20,008,405</u>

(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 activities. 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 six-month periods ended June 30, 2022 and 2021 would increase/decrease by NT\$31,370 thousand and NT\$12,121 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 six-month periods ended June 30, 2022 and 2021 would decrease/increase by NT\$7,644 thousand and decrease/increase by NT\$7,135 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract and result in a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit risk of all customers are assessed based on a comprehensive review of the customers' financial status, credit ratings from credit institutions, past transactions, current economic conditions and the Group's internal credit ratings. The Group also employs some credit enhancement instruments (e.g. prepayment or insurance) to reduce certain customers' credit risk.

As of June 30, 2022, December 31, 2021 and June 30, 2021, receivables from the top ten customers were accounted for 52.71%, 44.01% and 49.09% 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)
<u>As of June 30, 2022</u>							
Loans	\$3,308,317	\$1,520,562	\$1,795,042	\$1,756,610	\$1,108,486	\$2,566,607	\$12,055,624
Payables	9,199,925	-	-	-	-	-	9,199,925
Lease liabilities	148,564	136,742	121,217	30,119	8,103	11,370	456,115
<u>As of December 31, 2021</u>							
Loans	\$1,904,121	\$1,332,751	\$1,819,319	\$2,414,663	\$2,223,156	\$1,997,783	\$11,691,793
Payables	10,149,785	-	-	-	-	-	10,149,785
Lease liabilities	53,668	41,761	28,400	19,691	8,216	12,964	164,700
<u>As of June 30, 2021</u>							
Loans	\$3,887,222	\$781,827	\$900,165	\$1,671,909	\$1,740,795	\$2,479,482	\$11,461,400
Payables	8,711,778	-	-	-	-	-	8,711,778
Lease liabilities	44,199	31,225	18,827	7,135	4,796	15,149	121,331

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the six-month period ended June 30, 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	1,041,188	(855,053)	139,025	(42,869)	282,291
Non-cash changes					
Lease range changes	-	-	-	326,858	326,858
Interests on lease liabilities	-	-	-	1,319	1,319
Others	-	8,344	-	-	8,344
Currency rate change	-	77,482	-	806	78,288
As of June 30, 2022	\$2,141,034	\$9,308,884	\$1,959,432	\$447,617	\$13,856,967

Movement schedule of liabilities for the six-month period ended June 30, 2021:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Leases liabilities	Total liabilities from financing activities
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
As of January 1, 2021	\$2,640,307	\$3,609,548	\$73,235	\$106,246	\$6,429,336
Cash flows	367,983	4,588,641	17,774	(24,253)	4,950,145
Non-cash changes					
Lease range changes	-	-	-	36,477	36,477
Interests on lease liabilities	-	-	-	578	578
Others	-	(16,131)	-	-	(16,131)
Currency rate change	-	(12,620)	-	(149)	(12,769)
As of June 30, 2021	<u>\$3,008,290</u>	<u>\$8,169,438</u>	<u>\$91,009</u>	<u>\$118,899</u>	<u>\$11,387,636</u>

(7) Fair values of financial instruments

A. The evaluation methods and assumptions applied in determining the fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between willing market participants (not under coercion or liquidation). The following methods and assumptions are used by the Group in estimating the fair values of financial assets and liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed equity securities, beneficiary certificates, bonds and futures etc.) at the report date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All 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 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 June 30, 2022

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$732,931	\$-	\$-	\$732,931
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000
<u>Financial liabilities:</u>				
None				

As of December 31, 2021

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$616,080	\$-	\$-	\$616,080
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000

Financial liabilities:

None

As of June 30, 2021

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$863,560	\$-	\$-	\$863,560
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 six-month period ended June 30, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliations for fair value measurement on a recurring basis in Level 3 hierarchy

For the six-month period ended June 30, 2022 and 2021, there were not movement of fair value measurements.

(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					
	6/30/2022			12/31/2021		
	Foreign Currencies (\$'000)	Exchange Rate	NTD (NT\$'000)	Foreign Currencies (\$'000)	Exchange Rate	NTD (NT\$'000)
<u>Financial assets</u>						
Monetary items:						
USD	\$240,892	29.7562	\$7,168,049	\$245,037	27.702	\$6,788,004
CNY	\$313,989	4.4286	\$1,390,526	\$160,266	4.342	\$695,867
<u>Financial liabilities</u>						
Monetary items:						
USD	\$135,624	29.7220	\$4,031,006	\$110,844	27.683	\$3,068,501
CNY	\$124,524	4.4286	\$551,472	\$258,978	4.342	\$1,124,473

	As of		
	6/30/2021		
	Foreign		
	Currencies	Exchange	NTD
	(\$'000)	Rate	(NT\$'000)
<u>Financial assets</u>			
Monetary items:			
USD	\$207,872	27.8575	\$5,790,795
CNY	\$161,789	4.3135	\$697,873
<u>Financial liabilities</u>			
Monetary items:			
USD	\$164,314	27.8655	\$4,578,698
CNY	\$236,836	4.3135	\$1,021,585

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 six-month	
	period ended June 30,	
	2022	2021
Foreign currency resulting		
in exchange gain or loss	(NT\$'000)	(NT\$'000)
USD	\$135,207	\$(26,088)
Other	(6,541)	2,215

(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 June 30, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT\$ 300 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2022: None.

E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2022: Please refer to attachment 3.

F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2022: None.

G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2022: Please refer to attachment 4.

H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of June 30, 2022: None.

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the six-month period ended June 30, 2022: Please refer to attachment 10.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.

B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others: None.

(b) Endorsement/Guarantee provided to others: None.

(c) Marketable securities held as of June 30, 2022 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2022: None.

(e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2022: Please refer to attachment 7.

(f) Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2022: None.

(g) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the six-month period ended June 30, 2022: Please refer to attachment 8.

(h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of June 30, 2022: Please refer to attachment 9.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

A. Name of investee in China, main business, paid-in capital, method of investment, investment flows, percentage of ownership, investment gain or loss, carrying amount at the end of reporting period, inward remittance of earning or loss and the upper limit on investment in China:

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	Paid-in Capital (NT\$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2022 (NT\$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Jun. 30, 2022 (NT\$'000)	Profit/ Loss of Investee (NT\$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT\$'000)	Carrying Amount as of Jun. 30, 2022 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Jun. 30, 2022 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Jun. 30, 2022 (NT\$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT\$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT\$'000)
					Outflow (NT\$'000)	Inflow (NT\$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	\$2,080,540 (Note 2)	(2)	\$2,080,540 (Note 2)	\$-	\$-	\$2,080,540 (Note 2)	\$627,245 (Note 2 and Note 4)	100%	\$627,245 (Note 2, Note 4 and Note 10)	\$2,909,131 (Note 2, Note 4 and Note 10)	\$-	\$2,080,540 (Note 2)	\$2,080,540 (Note 2)	No upper limit (Note 5)

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	\$4,954,657 (Note 2)	(2)	\$2,801,417 (Note 2)	\$-	\$-	\$2,801,417 (Note 2)	\$(202,607) (Note 2 and Note 4)	51%	\$(103,330) (Note 2, Note 4 and Note 10)	\$(54,428) (Note 2, Note 4 and Note 10)	\$-	\$2,801,417 (Note 2)	\$2,801,417 (Note 2)	
Xiang-Shuo (Suzhou) Trading Limited	Trading of PCB (not high-density fine-line) and material for related products	\$59,444 (Note 2)	(2)	\$59,444 (Note 2)	\$-	\$-	\$59,444 (Note 2)	\$1,130 (Note 2 and Note 4)	100%	\$1,130 (Note 2, Note 4 and Note 10)	\$60,730 (Note 2, Note 4 and Note 10)	\$-	\$59,444 (Note 2)	\$59,444 (Note 2)	
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	\$112,559 (USD 3,600)	(1)	\$112,559	\$-	\$-	\$112,559	\$33,567 (Note 2 and Note 4)	30.33%	\$10,181 (Note 2, Note 4 and Note 10)	\$43,672 (Note 2, Note 4 and Note 10)	\$-	\$112,559	\$112,559	
															\$3,366,709 (Note 6)

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

Gemvision Technology (Zhejiang) Limited	Selling medical equipment	\$97,429 (RMB 22,000) (Note 2)	(3) (Note 3)	\$-	\$-	\$-	\$-	\$30,329 (Note 2 and Note 4)	30.33%	\$9,199 (Note 2, Note 4 and Note 10)	\$34,838 (Note 2, Note 4 and Note 10)	\$-	\$-	\$-	
Pegavision (Jiangsu) Limited	producing and Selling medical equipment	\$85,620 (USD 3,000) (Note 2)	(1)	\$85,620	\$-	\$-	\$85,620	\$(1,069) (Note 2 and Note 4)	30.33%	\$(324) (Note 2, Note 4 and Note 10)	\$24,543 (Note 2, Note 4 and Note 10)	\$-	\$85,620	\$85,620	
BeautyTech Platform (Shanghai) Corporation	Selling medical equipment	\$14,885 (USD 500) (Note 2)	(3) (Note 7)	\$14,885	\$-	\$-	\$14,885	\$8 (Note 2 and Note 4)	30.33%	\$2 (Note 2, Note 4 and Note 10)	\$4,505 (Note 2, Note 4 and Note 10)	\$-	\$14,885	\$- (Note 9)	\$52,206 (Note 8)

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: Pegavision Contact Lenses (Shanghai) Corporation recognized the profit/loss and carrying amount of Gemvisoon Technology (Zhejiang) Limited.

Note 4: Gain/loss on investment is recognized based on the financial statements which were reviewed by the independent auditors of the parent company in Taiwan.

Note 5: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 6: The upper limit on investment for Pegavision Contact Lenses (Shanghai) Corporation, Gemvisoon Technology (Zhejiang) Limited and Pegavision (Jiangsu) Limited is calculated as 60% of the net value of the recent financial statements reviewed by independent auditors of Pegavision Corporation.

Note 7: BeautyTech Platform (Shanghai) Corporation recognized the profit/loss and carrying amount of BeautyTech Platform Corporation.

Note 8: The upper limit on investment for BeautyTech Platform (Shanghai) Corporation is calculated as 60% of the net value of the recent financial statements reviewed by independent auditors of BeautyTech Platform Corporation.

Note 9: BeautyTech Platform (Shanghai) Corporation has to report the investment in six months. It is not been completed as at June 30, 2022.

Note 10: Transactions are eliminated upon preparation of consolidated financial statements.

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of June 30, 2022: Please refer to attachment 10 for details.

(b) Sale and balance of related accounts receivable as of June 30, 2022: Please refer to attachment 10 for details.

(c) Property transaction amounts and resulting gain or loss:

Variety	Related parties	Carrying Value	Price	Gain on disposal	Reference basis for price decision
Machinery	Kinsus Interconnect Technology Suzhou Corp	<u>\$247,416</u>	<u>\$285,972</u>	<u>\$38,556</u> (Note)	Negotiated price
Machinery	Kinsus Interconnect Technology Suzhou Corp	<u>\$14,156</u>	<u>\$30,773</u>	<u>\$16,617</u> (Note1)	Negotiated price

Note: For the year ended December 31, 2019, the Company wrote off NT\$38,556 thousand due to the unrealized gain on disposal of property, plant and equipment. As of June 30, 2022, unrealized gain on disposal of property, plant and equipment is NT\$6,897 thousand, that recongnized as the credit balance of investments accounted for using the equity method.

Note1: For the three-month ended March 31, 2021, the Company wrote off NT\$16,617 thousand due to the unrealized gain on disposal of property, plant and equipment. As of June 30, 2022, unrealized gain on disposal of property, plant and equipment is NT\$10,104 thousand, and recongnized as the credit balance of investments accounted for using the equity method.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes: None.

(e) Maximum balance, ending balance, interest rate range and total interest for current period from financing provided to others: None.

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 10 for details.

(g) Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 10 for details.

(4) Information on major shareholders:

Name	Ownership of shares	Number of shares held (shares)	Ownership ratio
Asus Investment Co., Ltd.		60,128,417	13.33%
Asustek Investment Co., Ltd.		58,233,091	12.91%
Asuspower Investment		55,556,221	12.32%

14. OPERATING SEGMENT

For management purposes, the Group is organized into operating segments based on different products and services and has three reportable operating segments as follows:

IC Substrate: This segment produces and manufactures BGA substrates and sells the products to manufacturers of electronic products.

Printed Circuit Board (PCB): This segment produces and manufactures PCBs and sells the products to manufacturers of electronic products.

Optics: This segment produces, manufactures and sells contact lens.

No operating segments have been aggregated to form the above reportable operating segments.

The Group's operating segments adopts the same accounting policies as the ones in Note 4. Management monitors the operating results of its business units separately for decision-making on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and measured consistently with methods applied to operating profit or loss in the consolidated financial statements.

(1) Segment income (loss), assets and liabilities

For the three-month period ended June 30, 2022

	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
External customer	\$9,720,197	\$318,752	\$1,414,662	\$-	\$11,453,611
Inter-segment	-	-	-	-	-
Total revenue	\$9,720,197	\$318,752	\$1,414,662	\$-	\$11,453,611
Segment income (loss)	\$2,030,293	\$(76,446)	\$341,071	\$-	\$2,294,918

For the six-month period ended June 30, 2022

	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
External customer	\$17,780,691	\$784,132	\$2,903,047	\$-	\$21,467,870
Inter-segment	-	-	-	-	-
Total revenue	\$17,780,691	\$784,132	\$2,903,047	\$-	\$21,467,870
Segment income (loss)	\$3,512,844	\$(196,681)	\$699,882	\$-	\$4,016,045

For the three-month period ended June 30, 2021

	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
External customer	\$6,725,353	\$618,656	\$1,381,346	\$-	\$8,725,355
Inter-segment	-	-	-	-	-
Total revenue	\$6,725,353	\$618,656	\$1,381,346	\$-	\$8,725,355
Segment income (loss)	\$811,156	\$(93,627)	\$295,217	\$-	\$1,012,746

For the six-month period ended June 30, 2021

	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
External customer	\$12,244,806	\$1,179,393	\$2,527,142	\$-	\$15,951,341
Inter-segment	-	-	-	-	-
Total revenue	\$12,244,806	\$1,179,393	\$2,527,142	\$-	\$15,951,341
Segment income (loss)	\$1,044,839	\$(179,296)	\$519,811	\$-	\$1,385,354

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

<u>Segment assets</u>	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
As of 06/30/2022	\$51,588,057	\$1,787,298	\$9,580,902	\$-	\$62,956,257
As of 12/31/2021	\$47,552,182	\$2,269,050	\$8,564,916	\$-	\$58,386,148
As of 06/30/2021	\$40,784,884	\$2,433,254	\$7,702,777	\$-	\$50,920,915
<u>Segment liabilities</u>	IC Substrate (NT\$'000)	PCB (NT\$'000)	Optics (NT\$'000)	Elimination (NT\$'000)	Consolidated (NT\$'000)
As of 06/30/2022	\$22,777,837	\$1,771,525	\$3,789,234	\$-	\$28,338,596
As of 12/31/2021	\$20,284,213	\$2,056,408	\$3,056,429	\$-	\$25,397,050
As of 06/30/2021	\$16,327,857	\$1,916,538	\$2,837,629	\$-	\$21,082,024

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the six-month period ended June 30, 2022

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		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
No. (Note 1)	Name	Name	Nature of Relationship										
-	-	-	-	-	\$-	\$-	\$-	\$-	-%	-	-	-	-

Note 1: Kinsus Interconnect Technology Corp. is coded "0".

Note 2: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT\$137,929 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 June 30, 2022

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	June 30, 2022			Fair Value	Note
				Shares / Units	Carrying Amount	Shareholding %		
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	-%	\$271,128	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	266,837	
	Subtotal				512,952		\$537,965	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				25,013			
	Total				\$537,965			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT\$ 300 million or 20% of the Paid-in Capital

For the six-month periods ended June 30, 2022

Attachment 3

(In Thousands of New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Kinsus Interconnect Technology Corp.	Houses and buildings	2022.02.25 ∙ 2022.03.15 ∙ 2022.06.27	<u>\$2,720,500</u>	By Contract	Fan Da Construction Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None
Kinsus Interconnect Technology Corp.	Land, houses and buildings (Including clean room and air conditioning system)	2022.03.16	<u>\$2,310,800</u>	By Contract	Yankey Engineering Co., Ltd.	None	None	None	None	None	By Bidding	For production capacity expansion and company operation plan.	None

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Related Party Transactions with Purchase or Sales Amount of At least NT\$ 100 Million or 20% of the Paid-in Capital

For the six-month period ended June 30, 2022

Attachment 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	\$1,630,903	23.54%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonably compared.	Other vendors also enjoy payment within 30~90 days from the end of delivery month	Accounts payable \$(616,056)	(23.81)%	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 Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of June 30, 2022

Attachment 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Ending balance			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of Dec. 31, 2021	As of Jun. 30, 2022	Shares	%	Carrying Value			
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD 500	USD 500	500,000	100.00%	\$74,837	\$2,853	\$2,853	Note
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 166,309	USD 166,309	166,308,720	100.00%	\$2,939,314	\$505,067	\$512,058 (Note 3)	Note
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taoyuan City	Investing activities	\$1,600,000 (Note 1)	\$1,600,000 (Note 1)	160,000,000	100.00%	\$2,584,475	\$264,369	\$264,369	Note
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taoyuan City	Manufacturing medical equipment	\$252,455 (Note 2)	\$252,455 (Note 2)	21,233,736	30.33%	\$1,695,917	\$701,951	\$212,929	Note
Kinsus Investment Co., Ltd.	FuYang Technology Corp.	Hsinchu County	Electronic Parts and Components Manufacturing	\$929,422	\$929,422	64,176,872	35.65%	\$378,927	\$143,600	\$51,198	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 72,000	USD 72,000	72,000,000	100.00%	USD 99,921	USD 21,142	USD 21,142	Note
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD (677)	USD (6,849)	USD (3,493)	Note
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD (1,327)	USD (6,849)	USD (6,849)	Note
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,264	USD (32)	USD (32)	Note
Pegavision Corporation	PEGAVISION JAPAN INC.	JAPAN	Selling Medical facility	JPY 9,900	JPY 9,900	198	100.00%	\$69,831	\$16,686	\$16,686	Note
Pegavision Corporation	Mayin Investment Co., Ltd.	Taoyuan City	Investing activities	\$120,003	\$120,003	12,000,000	100.00%	\$192,014	\$27,042	\$27,042	Note
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taoyuan City	Selling Medical facility	\$40,000	\$40,000	4,000,000	100.00%	\$87,011	\$30,347	\$30,347	Note
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling Cosmetic products	\$27,500	\$27,500	2,750,000	55.00%	\$25,583	\$(3,179)	\$(1,748)	Note
BeautyTech Platform Corporation	Aquamax Vision Corporation	U.S.A.	Selling Medical facility	USD 1,100	USD 1,100	11,000,000	100.00%	\$6,809	\$(6,207)	\$(6,207)	Note

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

Note 1: 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 2 : 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 3: It includes the investment income accounted for using equity method of 505,067 thousand, realized benefits on upstream transactions of 17,432 thousand and the unrealized benefits on upstream transactions of 10,441 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 Jointly Ventures)

As of June 30, 2022

Attachment 6
(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of June 30, 2022				Guarantee, Pledge or Other Restricted Conditions		
				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	-%	<u>\$11,913</u>	-	<u>\$-</u>	
	Valuation adjustments of financial assets held for trading				<u>599</u>					
	Total				<u>\$11,913</u>					
Pegavision Corporation	Money market funds:									
	FSITC Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss	11,682,623	\$181,000	-%	<u>\$181,040</u>	-	<u>\$-</u>	
	Valuation adjustments of financial assets held for trading				<u>40</u>					
	Total				<u>\$181,040</u>					
Mayin Investment Co., Ltd.	Money market funds:									
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	158,409	\$2,008	-%	<u>\$2,013</u>	-	<u>\$-</u>	
	Valuation adjustments of financial assets held for trading				<u>5</u>					
	Total				<u>\$2,013</u>					
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	<u>1,000</u>	1.01%	<u>1,000</u>	-	<u>-</u>	
	Total				<u>\$51,000</u>		<u>\$51,000</u>		<u>\$-</u>	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Acquisition of Individual Real Estate with Amount of at Least NT\$ 300 million or 20% of the Paid-in Capital

For the six-month period ended June 30, 2022

Attachment 7

(In Thousands of Foreign Currency / New Taiwan Dollars)

Acquiring Company	Name of Property	Transaction Date (Note)	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Pegavision Corporation	Right-of-use assets -Buildings	2022.04.25	<u>\$330,604</u>	By Contract	Pegatron Corporation	Ultimate parent company	Pegatron Corporation	Ultimate parent company	Renew the tenancy	None	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None

Note: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

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 six-month period ended June 30, 2022

Attachment 8

(In Thousands of US/NTD Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 57,049	74.67%	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 21,486	78.82%	Note
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	\$1,266,370	48.74%	Payment within 90 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$490,121	50.98%	Note
									Contract liability \$(22,514)	87.18%	Note
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Also a subsidiary under the Company's control	Sales	\$174,051	6.70%	Payment within 180 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$122,298	12.72%	Note
Pegavision Corporation	BeautyTech Platform Corporation	Also a subsidiary under the Company's control	Sales	\$112,973	4.35%	Payment within 120 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$84,720	8.81%	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 June 30, 2022

Attachment 9

(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	<u>USD 21,486</u> (Note and Note 1)	<u>5.14</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	<u>\$490,121</u> (Note and Note 1)	<u>6.40</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	<u>\$122,298</u> (Note and Note 1)	<u>3.35</u>	<u>\$-</u>	-	<u>\$46,238</u>	<u>\$-</u>

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 Six-month Period Ended June 30, 2022

Attachment 10

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount (Note 4)	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	<u>2022.01.01~2022.06.30</u> Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	\$616,056	Payment within 60 days from the end of delivery month	0.98%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	\$1,630,903	Payment within 60 days from the end of delivery month	7.60%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	\$17,999	Payment within 30 days from the end of delivery month by TT	0.08%
1	Piotek Computer (Suzhou) Co., Ltd.	PIOTEK (H.K.) TRADING LIMITED	3	Sales revenue	USD 1,485	Payment within 60~90 days from the end of delivery month	0.21%
2	Pegavision Corporation	PEGAVISION JAPAN INC.	3	Sales revenue	\$1,266,370	Payment within 90 days from the end of delivery month	5.90%
2	Pegavision Corporation	PEGAVISION JAPAN INC.	3	Accounts receivable	\$490,121	Payment within 90 days from the end of delivery month	0.78%
2	Pegavision Corporation	PEGAVISION JAPAN INC.	3	Contract liability	\$22,514	Payment within 90 days from the end of delivery month	0.04%
2	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	\$174,051	Payment within 180 days from the end of delivery month	0.81%
2	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	\$122,298	Payment within 180 days from the end of delivery month	0.19%
2	Pegavision Corporation	BeautyTech Platform Corporation	3	Sales revenue	\$112,973	Payment within 120 days from the end of delivery month	0.53%
2	Pegavision Corporation	BeautyTech Platform Corporation	3	Accounts receivable	\$84,720	Payment within 120 days from the end of delivery month	0.13%

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.