

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

**Ticker: 3189**

**KINSUS INTERCONNECT TECHNOLOGY CORP.  
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF DECEMBER 31, 2023 AND 2022  
AND FOR THE YEARS 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  
**Parent-company-only financial statements**  
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English Translation of an Audit Report Originally Issued in Chinese

INDEPENDENT AUDITORS' REPORT

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

**Opinion**

We have audited the accompanying parent-company-only balance sheets of Kinsus Interconnect Technology Corp. (the “Company”) as of December 31, 2023 and 2022, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together referred as “the parent-company-only financial statements”).

In our opinion, based on the results of our audits and the report of other auditors (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2023 and 2022, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of parent-company-only financial statements for the year ended December 31, 2023.

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

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's revenue in the amount of NT\$19,342,946 thousand for the year ended December 31, 2023 is a significant account to the Company's financial statements. The Company has conducted these sale activities in multiple marketplaces, including Taiwan, China, USA, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on various sale terms and conditions with major clients. We therefore determined revenue recognition a key audit matter. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition in the sales cycle, taking samples to perform test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of revenue recognition from foreign warehouses with the timing of fulfilling performance obligation for sale agreement or orders, performing analytical review procedures on monthly sale revenues and the cut-off tests for a period before and after the balance sheet dates, etc. We have also considered the appropriateness of the revenue disclosure in Notes 4 and 6 to the parent-company-only financial statements.

### Market valuation on Inventory

We determine the market valuation on inventory is one of the key audit matters in considering that the amount of inventory was significant and the assessment of sufficiency of inventory loss requires significant management judgement. The Company's net inventory amounted to NT\$1,792,341 thousand as of December 31, 2023. As the application market of substrate, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the inventory loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value. Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment the loss from slow-moving and obsolete inventory, (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the parent-company-only financial statements.

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

We did not audit the financial statements of certain invested associates accounted for using the equity method by the Company, which were audited by other independent auditors. The financial statements of certain invested associates as of December 31, 2023 and 2022, and for the years then ended were audited by other independent auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for using the equity method amounting to NT\$424,357 thousand and NT\$381,123 thousand as of December 31, 2023 and 2022 representing 0.64% and 0.60% of the Company's total assets, the related shares of income before tax from the associate using the equity method for the year then ended amounting to NT\$(12,714) thousand and NT\$53,319 thousand representing (26.76)% and 0.61% of the Company's income before tax, and the related shares of other comprehensive income from the associate using the equity method for the years then ended amounting to NT\$20,182 thousand and NT\$2,799 thousand representing (32.54)% and 2.87% of the other comprehensive income, are based solely on the audit reports of other auditors.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/Chang, Chih Ming

/s/Chen, Kuo Shuai



Ernst & Young  
January 29<sup>th</sup>, 2024  
Taipei, Taiwan,  
Republic of China

Notice to Readers

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

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

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

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

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

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

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

Kinsus Interconnect Technology Corp.

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

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

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

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

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

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

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

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

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Retained Earnings					Other Components of equity		Total Equity
		Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit	
		3100	3200	3310	3320	3350	3410	3490	
A1	Balance as of January 1, 2022	\$4,508,441	\$6,633,051	\$3,700,821	\$181,016	\$14,249,110	\$(203,107)	\$-	\$29,069,332
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve			386,880		(386,880)			-
B3	Special reserve				22,092	(22,092)			-
B5	Cash dividends - ordinary shares					(2,028,798)			(2,028,798)
D1	Net income for 2022					6,976,792			6,976,792
D3	Other comprehensive income for 2022					42,519	55,169		97,688
D5	Total comprehensive income	-	-	-	-	7,019,311	55,169	-	7,074,480
H3	Reorganization		1,435			(1,645)			(210)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed		(292)			(2,781)			(3,073)
N1	Share-based payment transactions		498						498
T1	Restricted stock awards and others	19,270	226,134					(35,933)	209,471
Z1	Balance as of December 31, 2022	4,527,711	6,860,826	4,087,701	203,108	18,826,225	(147,938)	(35,933)	34,321,700
	Appropriation and distribution of 2022 earnings								
B1	Legal reserve			701,489		(701,489)			-
B3	Special reserve reversed				(55,170)	55,170			-
B5	Cash dividends - ordinary shares					(2,943,012)			(2,943,012)
D1	Net income for 2023					47,516			47,516
D3	Other comprehensive income for 2023					(14,711)	(47,302)		(62,013)
D5	Total comprehensive income	-	-	-	-	32,805	(47,302)	-	(14,497)
M7	Changes in ownership interests in subsidiaries		133,512						133,512
T1	Restricted stock awards and others	16,520	158,735			611		21,320	197,186
Z1	Balance as of December 31, 2023	\$4,544,231	\$7,153,073	\$4,789,190	\$147,938	\$15,270,310	\$(195,240)	\$(14,613)	\$31,694,889

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

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

Kinsus Interconnect Technology Corp.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$47,516	\$8,725,094	B00050	Disposal of financial assets measured at amortized cost	-	59,980
A20000	Adjustments:			B01800	Acquisition of investment accounted for using equity method	(564,210)	-
A20010	Adjustments to reconcile profit (loss):			B02700	Acquisition of property, plant and equipment	(8,570,575)	(15,342,080)
A20100	Depreciation	3,947,684	3,696,551	B02800	Proceeds from disposal of property, plant and equipment	15,331	166,421
A20200	Amortization	51,287	49,923	B03800	Decrease in refundable deposits	212	4,449
A20300	Expected credit losses (gains)	(4,090)	12,397	B04500	Acquisition of intangible assets	(50,760)	(59,831)
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(6,548)	(2,944)	BBBB	Net cash provided by (used in) investing activities	(9,170,002)	(15,171,061)
A20900	Interest expense	240,555	123,381				
A21200	Interest income	(418,196)	(50,416)	CCCC	Cash flows from financing activities:		
A21900	Cost of share-based payment	55,344	47,882	C00100	Increase in (repayment of) short-term loans	500,000	(391,991)
A22300	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	(655,034)	(1,394,393)	C01600	Increase in long-term loans	7,160,000	3,240,000
A22500	Loss (gain) on disposal of property, plant and equipment	(10,798)	(27,085)	C01700	Repayment of long-term loans	(1,146,746)	(1,493,885)
A23100	Loss (gain) on disposal of investment	-	6,650	C03000	Increase (decrease) in deposits received	246,978	3,078,618
A29900	Gain on government grants	(22,908)	(14,172)	C04500	Cash dividends	(2,943,012)	(2,028,798)
A29900	Loss from fire	-	2,526	C04600	Proceeds from issuing shares	147,917	165,379
A30000	Changes in operating assets and liabilities:			CCCC	Net cash provided by (used in) financing activities	3,965,137	2,569,323
A31130	(Increase) decrease in notes receivable	6,440	(7,000)	EEEE	Net Increase (decrease) in cash and cash equivalents	910,708	190,656
A31150	(Increase) decrease in accounts receivable	848,850	70,035	E00100	Cash and cash equivalents at beginning of period	12,137,938	11,947,282
A31160	(Increase) decrease in accounts receivable - related parties	688	10,205	E00200	Cash and cash equivalents at end of period	\$13,048,646	\$12,137,938
A31180	(Increase) decrease in other receivables	554,160	(200,159)				
A31190	(Increase) decrease in other receivables - related parties	(14,789)	2,927				
A31200	(Increase) decrease in inventories	978,376	(493,589)				
A31230	(Increase) decrease in prepayments	(327,377)	(251,168)				
A31240	(Increase) decrease in other current assets	114,848	(33,342)				
A31990	(Increase) decrease in net defined benefit assets	(7,269)	-				
A32125	Increase (decrease) in contract liabilities	2,422,109	1,686,230				
A32130	Increase (decrease) in notes payable	26,244	(5,899)				
A32150	Increase (decrease) in accounts payable	(247,786)	6,828				
A32160	Increase (decrease) in accounts payable - related parties	64,974	(369,493)				
A32180	Increase (decrease) in other payables	(1,484,143)	1,177,258				
A32230	Increase (decrease) in other current liabilities	(281)	(45,740)				
A32240	Increase (decrease) in net defined benefit liabilities	-	(4,239)				
A32990	Increase (decrease) in refund liability	(352,744)	299,008				
A33000	Cash generated from (used in) operations	5,807,112	13,017,256				
A33100	Interest received	363,820	47,669				
A33200	Dividend received	1,092,400	360,000				
A33300	Interest paid	(202,030)	(98,107)				
A33500	Income tax paid	(945,729)	(534,424)				
AAAA	Net cash provided by (used in) operating activities	6,115,573	12,792,394				

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

1. HISTORY AND ORGANIZATION

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

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on January 29, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments and interpretation of initial application had no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

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

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

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

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

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

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

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

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The remaining standards and interpretations have no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Statement of compliance

The parent-company-only financial statements of the Company for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

##### (2) Basis of preparation

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

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

##### (3) Foreign currency transactions

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

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

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

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

(4) Translation of financial statements in foreign currency

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

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

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

(5) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

(A) Financial assets: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

- (a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- (b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

- (c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- (i) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

#### Financial asset measured at fair value through profit or loss

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

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

(B) Impairment of financial assets

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

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

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

The loss allowance is measures as follows:

- (a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
- (b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- (c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(C) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(D) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

### Financial liabilities

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

### Financial liabilities at fair value through profit or loss

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

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

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

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

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

#### Financial liabilities at amortized cost

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

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

#### Derecognition of financial liabilities

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

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

#### (E) Offsetting of financial instruments

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

(8) Fair value measurement

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

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

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

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

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

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

(9) Inventories

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

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

Raw materials - At actual purchase cost, using weighted average method

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

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

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

(10) Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

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

#### (11) Property, plant and equipment

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

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

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

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

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

#### (12) Leases

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

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

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

#### Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

#### Company as a lessor

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

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

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

(13) Intangible assets

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

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

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

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

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

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

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

(14) Impairment of non-financial assets

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

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

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

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

(15) Provisions

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

(16) Revenue recognition

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

Sale of goods

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

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

(17) Borrowing costs

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

(18) Government grants

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

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

(19) Post-employment benefits

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

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

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

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

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

(20) Share-based payment transactions

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

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

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

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

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

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

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

(21) Income tax

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

Current income tax

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

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

Deferred income tax

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

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

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (loss);
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, and associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

### (1) Judgement

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

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

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

### (2) Estimates and assumptions

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

#### (a) Fair value of financial instruments

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

(b) Accounts receivables – estimation of impairment loss

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

(c) Inventory

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

(d) Post-employment benefits

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

(e) Share-based payment transactions

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

(f) Revenue recognition – sale returns and allowances

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

(g) Income tax

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Cash and petty cash	\$-	\$200
Checks and savings	1,844,210	3,599,362
Time deposit	11,204,436	8,538,376
Total	<u>\$13,048,646</u>	<u>\$12,137,938</u>

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

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Mandatorily measured at fair value through profit or loss:		
Money market fund	\$512,952	\$512,952
Valuation adjustment of financial assets measured at fair value through profit or loss	33,695	27,147
Total	<u>\$546,647</u>	<u>\$540,099</u>
Current	<u>\$546,647</u>	<u>\$540,099</u>
Non-current	<u>\$-</u>	<u>\$-</u>

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

(3) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Time deposits	\$20,057	\$20,057
Current	\$20,057	\$20,057
Non-current	\$-	\$-

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

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

(4) Notes receivable

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Notes receivable – from operations	\$4,760	\$11,200
Less: loss allowance	-	-
Total	\$4,760	\$11,200

No notes receivable was pledged by the Company as collateral.

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

## Kinsus Interconnect Technology Corp.

## Notes to Parent-Company-Only Financial Statements (Continued)

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

## A. Accounts receivable, net

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Accounts receivable, gross	\$3,354,298	\$4,203,148
Less: loss allowance	(20,177)	(24,267)
Subtotal	3,334,121	4,178,881
Accounts receivable - related parties, gross	214	902
Less: loss allowance	-	-
Subtotal	214	902
Total accounts receivable, net	\$3,334,335	\$4,179,783

## B. Account receivables were not pledged.

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

	Financial Institution	Accounts receivable	Interest Rate	Advance received	Collateral	Credit Limit
		de-recognized (NT\$'000)		(NT\$'000)		
12/31/2022	Mega International Commercial Bank - LanYa Branch	\$568,040	-	\$-	None	Note

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

(6) Inventory

A. Details of inventory:

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

B. For the years ended December 31, 2023 and 2022, the Company recognized NT\$16,636,199 thousand and NT\$23,127,149 thousand under costs of sale, respectively. For the years ended December 31, 2023 and 2022, the Company recognized NT\$2,811,071 thousand and NT\$3,598,835 thousand, respectively, including loss for market price decline and obsolete and slow-moving inventories, loss from inventory scrapped and loss from inventory physical taking.

C. The inventories were not pledged.

## Kinsus Interconnect Technology Corp.

## Notes to Parent-Company-Only Financial Statements (Continued)

## (7) Investments accounted for under the equity method

Investee companies	As of December 31,			
	2023		2022	
	Amount (NT\$'000)	Percentage of Ownership	Amount (NT\$'000)	Percentage of Ownership
Investments in subsidiaries:				
KINSUS CORP. (USA)	\$81,703	100.00%	\$71,710	100.00%
KINSUS HOLDING (SAMOA) LIMITED	2,701,241	100.00%	3,230,275	100.00%
KINSUS INVESTMENT CO., LTD.	3,342,312	100.00%	2,841,401	100.00%
Pegavision Corporation	231,184	2.33%	-	-%
Unrealized gains	(7,112)		(7,726)	
Total	<u>\$6,349,328</u>		<u>\$6,135,660</u>	

## A. Investments in subsidiaries

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

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

## (8) Property, plant and equipment

Owner-occupied property, plant and equipment	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
	<u>\$25,346,578</u>	<u>\$24,888,173</u>

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

A. Property, plant and equipment for own-use

	Land	Buildings	Machinery	Office Equipment	Transportation	Other Equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
<u>Cost:</u>								
As of 1/1/2023	\$4,792,899	\$7,576,824	\$26,468,311	\$182,586	\$15,375	\$6,095,204	\$15,675,854	\$60,807,053
Addition	-	7,400	290	-	-	213,239	7,452,542	7,673,471
Disposals	-	-	(154,195)	-	-	(128,064)	-	(282,259)
Other Changes	-	916,825	3,008,796	104,540	2,240	518,488	(4,550,889)	-
As of 12/31/2023	\$4,792,899	\$8,501,049	\$29,323,202	\$287,126	\$17,615	\$6,698,867	\$18,577,507	\$68,198,265
As of 1/1/2022	\$4,792,899	\$7,601,433	\$19,670,305	\$133,357	\$10,335	\$5,823,209	\$7,110,559	\$45,142,097
Addition	-	(2,483)	4,248	-	-	120,800	15,902,321	16,024,886
Disposals	-	-	(140,760)	-	-	(134,535)	-	(275,295)
Loss from fire	-	(63,680)	-	-	-	(20,955)	-	(84,635)
Other changes	-	41,554	6,934,518	49,229	5,040	306,685	(7,337,026)	-
As of 12/31/2022	\$4,792,899	\$7,576,824	\$26,468,311	\$182,586	\$15,375	\$6,095,204	\$15,675,854	\$60,807,053
<u>Depreciation and impairment:</u>								
As of 1/1/2023	\$-	\$2,578,965	\$17,367,239	\$134,795	\$8,011	\$4,418,285	\$-	\$24,507,295
Depreciation	-	394,787	2,858,352	33,751	2,085	658,709	-	3,947,684
Disposal	-	-	(149,048)	-	-	(128,064)	-	(277,112)
Other changes	-	-	-	-	-	-	-	-
As of 12/31/2023	\$-	\$2,973,752	\$20,076,543	\$168,546	\$10,096	\$4,948,930	\$-	\$28,177,867
As of 1/1/2022	\$-	\$2,184,375	\$14,833,866	\$109,744	\$6,568	\$3,957,377	\$-	\$21,091,930
Depreciation	-	398,793	2,671,200	25,051	1,443	600,064	-	3,696,551
Loss from fire	-	(4,203)	-	-	-	(5,105)	-	(9,308)
Disposal	-	-	(137,827)	-	-	(134,051)	-	(271,878)
Other changes	-	-	-	-	-	-	-	-
As of 12/31/2022	\$-	\$2,578,965	\$17,367,239	\$134,795	\$8,011	\$4,418,285	\$-	\$24,507,295

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

	Land	Buildings	Machinery	Office Equipment	Transportation	Other Equipment	Construction in progress and equipment awaiting inspection (including prepayment for equipment)	Total
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
<u>Net carrying amount:</u>								
As of 12/31/2023	\$4,792,899	\$5,527,297	\$9,246,659	\$118,580	\$7,519	\$1,749,937	\$18,577,507	\$40,020,398
As of 12/31/2022	\$4,792,899	\$4,997,859	\$9,101,072	\$47,791	\$7,364	\$1,676,919	\$15,675,854	\$36,299,758

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

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

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Property, plant and equipment	\$25,346,578	\$24,888,173
Prepayment for equipment	14,673,820	11,411,585
Total	\$40,020,398	\$36,299,758

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

## Kinsus Interconnect Technology Corp.

## Notes to Parent-Company-Only Financial Statements (Continued)

## (9) Intangible assets

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

Amounts of amortization recognized for intangible assets are as follows:

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

(10) Other non-current assets

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

(11) Short-term loans

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

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

(12) Other payables

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

(13) Other current liabilities

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

(14) Refund liability

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Refund liability	<u>\$14,393</u>	<u>\$367,137</u>

(15) Long-term loans

Details of long-term loans were as follows:

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

(a) Borrowing and repayment

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

(b) Government low-interest loan

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

(16) Other non-current liabilities

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

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

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

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

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

(17) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 are NT\$137,263 thousand and NT\$144,263 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$6,830 to its defined benefit plan during the 12 months beginning after December 31, 2023.

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

Pension costs recognized in profit or loss are as follows:

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

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

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

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

	Present value of defined benefit obligation (NT\$'000)	Fair value of plan assets (NT\$'000)	Net defined benefit liability (asset) (NT\$'000)
1/1/2022	\$152,441	\$(136,182)	\$16,259
Current service cost	-	-	-
Interest cost (income)	1,250	(1,117)	133
Past service cost and settlement	-	-	-
Subtotal	<u>1,250</u>	<u>(1,117)</u>	<u>133</u>
Remeasurement of defined benefit liabilities/assets:			
Actuarial gain/loss due to change in population statistic assumptions	8	-	8

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

	Present value of defined benefit obligation (NT\$'000)	Fair value of plan assets (NT\$'000)	Net defined benefit liability (asset) (NT\$'000)
Actuarial gain/loss due to change in financial assumptions	(12,176)	-	(12,176)
Experienced adjustment	(20,427)	(9,924)	(30,351)
Remeasurement of defined benefit assets	-	-	-
Subtotal	(32,595)	(9,924)	(42,519)
Benefits paid	(1,068)	1,068	-
Contributions by employer	-	(4,372)	(4,372)
Effect of exchange rate	-	-	-
12/31/2022	120,028	(150,527)	(30,499)
Current service cost	-	-	-
Interest cost (income)	1,728	(2,167)	(439)
Pasts service cost and settlement	-	-	-
Subtotal	1,728	(2,167)	(439)
Remeasurement of defined benefit liabilities/assets:			
Actuarial gain/loss due to change in population statistic assumptions	3,037	-	3,037
Actuarial gain/loss due to change in financial assumptions	2,574	-	2,574
Experienced adjustment	9,459	(359)	9,100
Remeasurement of defined benefit assets	-	-	-
Subtotal	15,070	(359)	14,711
Benefits paid	(444)	444	-
Contributions by employer	-	(6,830)	(6,830)
Effect of exchange rate	-	-	-
12/31/2023	\$136,382	\$(159,439)	\$(23,057)

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

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

Sensitivity analysis:

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

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

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

(18) Equity

A. Common stock

As of December 31, 2023 and 2022, the Company's authorized capital were NT\$6,000,000 thousand, each share at par value of NT\$10, divided into 600,000 thousand shares. As of December 31, 2023 and 2022, the Company's paid-in capital were NT\$4,544,231 thousand and NT\$4,527,711 thousand, respectively, divided into 454,423 thousand and 452,771 thousand shares, respectively. Each share represents a voting right and a right to receive dividends.

On February 15, 2022 and May 27, 2022, the Company's board of directors and shareholders' meetings resolved to increase the capital through an issuance of new 5,400,000 shares of restricted stock for employees. The application has been approved by the FSC in the Order No. Financial-Supervisory-Securities-Corporate-1110347163 issued on June 23, 2022. The Company's board of directors resolved the measurement date was on August 19, 2022. The issue price per share is NT\$85.6, and issued 1,932,000 shares.

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

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

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

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

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

B. Capital surplus

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

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

C. Appropriation of earnings and dividend policies

(a) Earning distribution

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

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount as legal reserve. This restriction shall not apply when the statutory surplus reserve has reached the paid-in capital of the company.
- d. Set aside or reverse special reserve in accordance with law and regulations; and
- e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

If the Company's dividends are distributed to shareholders or all or part of statutory surplus reserve and capital reserve in whole may be paid in cash, the Board of Directors have been authorized to approve by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and report to the shareholders' meeting.

(b) Dividend policies

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

(c) Legal reserve

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

(d) Special reserve

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

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

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

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

(e) The appropriations of earnings for the years 2023 and 2022 were approved through the Board of Directors’ meetings and shareholders’ meetings held on January 29, 2024 and May 31, 2023, respectively. The details of the distributions are as follows:

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

Please refer to Note 6(23) for details on employees' compensation and remuneration to directors and supervisors.

(19) Share-based payment plans

Restricted stocks plan for employees

A. On May 27, 2022, the shareholders' meetings resolved to issue of 5,400 thousand shares of restricted stocks for employees. The grantee is limited to employees who meet certain conditions. The restricted stocks have been approved by the Securities and Futures Bureau. On July 25, 2022, the board of directors resolved to issue 2,063 thousand shares. The measurement date was on August 19, 2022 and total shares issued were 1,932 thousand. The unit market price as of the granted date was NT\$130.

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

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

The employees who acquire the above shares can subscribe shares at the price of NT\$85.6 per shares while the vesting conditions are as below.

i. Employee above level eight

Vesting conditions	Proportion of vested shares
Within 1 month starting the granted date	30% (Uncondition round up to thousand shares)
Within 8 months starting the granted date	20% (Uncondition round up to thousand shares)
Within 13 months starting the granted date	20% (Uncondition round down to thousand shares)
Within 20 months starting the granted date	10% (Uncondition round up to thousand shares)
Within 25 months starting the granted date	10% (Uncondition round up to thousand shares)
Within 32 months starting the granted date	Remaining shares

ii. Employee at level six through level seven

Vesting conditions	Proportion of vested shares
Within 1 month starting the granted date	30% (Uncondition round up to thousand shares)
Within 13 months starting the granted date	50% (Uncondition round down to thousand shares)
Within 25 months starting the granted date	Remaining shares

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

- (a) The granted employee commit to the custodian institution, and shall not sell, pledge, transfer, donate, or dispose in any other ways, the right of restricted stocks before achieving the vesting conditions.
- (b) After new shares of restricted stock are issued, the granted employee should immediately commit to the custodian institution, and may not ask the trustee to return the restricted stock in any other reasons or ways before achieving the vesting conditions.
- (c) The restricted stock for employees can participate in receiving dividends during the vesting period.
- (d) The right to vote and elect in a shareholders' meeting shall be executed by custodian institution in accordance with related regulations.

On August 19, 2022, the issuance of 1,932 thousand restricted shares for employees resulted in the increase of capital reserve—employee stock option in the amount of NT\$146,059 thousand. The restricted stocks plan was invalidated as of December 31, 2023 and 26 thousand shares were recalled. As a result, capital reserve increased by NT\$260 thousand and the unearned employee compensation amounted to NT\$6,857 thousand.

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

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Notes to Parent-Company-Only Financial Statements (Continued)

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

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

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

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

(20) Operating revenue

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

A. Disaggregation of revenue

For the year ended December 31, 2023

	IC Substrate (NT\$'000)
Sales of goods	\$18,029,739
Other	1,313,207
Total	<u>\$19,342,946</u>

The timing for revenue recognition:

At a point in time	<u>\$19,342,946</u>
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For the year ended December 31, 2022

	IC Substrate (NT\$'000)
Sales of goods	\$33,398,752
Other	852,267
Total	<u>\$34,251,019</u>

The timing for revenue recognition:

At a point in time	<u>\$34,251,019</u>
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B. Contract balances

(a) Contract liabilities – current

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

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

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

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

	Sales of goods
The opening balance transferred to revenue	\$(45,702)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,474,494

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

(21) Expected credit losses (gains)

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

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

The Company measured the impairment against the other receivables reclassified from accounts receivable due to factoring agreements mainly based on the expected credit loss for 12 months of the counterparty financial institutions. As of December 31, 2023 and 2022, there was no other receivables past due. Furthermore, the Company assessed the related expected credit loss to be insignificant because the counterparty financial institutions are of good credit condition.

The Company measures the loss allowance of its contract assets and accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2023 and 2022 are as follows:

A. The Company considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follows:

December 31, 2023	Not past due (Note) (NT\$'000)	Past due				Total (NT\$'000)
		<=30 days (NT\$'000)	31-60 days (NT\$'000)	61-90 days (NT\$'000)	91-120 days (NT\$'000)	
Gross carrying amount	\$2,996,179	\$297,900	\$65,153	\$40	\$-	\$3,359,272
Loss ratio	-%	3.49%	15%	30%	50%	
Lifetime expected credit losses	-	(10,392)	(9,773)	(12)	-	(20,177)
Carrying amount of accounts receivable	\$2,996,179	\$287,508	\$55,380	\$28	\$-	\$3,339,095

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

December 31, 2022	Not past due (Note) (NTS'000)	Past due				Total (NTS'000)
		<=30 days (NTS'000)	31-60 days (NTS'000)	61-90 days (NTS'000)	91-120 days (NTS'000)	
		Gross carrying amount	\$3,869,863	\$276,672	\$67,879	
Loss ratio	-%	5%	15%	30%	50%	
Lifetime expected credit losses	-	(13,834)	(10,182)	(251)	-	(24,267)
Carrying amount of accounts receivable	\$3,869,863	\$262,838	\$57,697	\$585	\$-	\$4,190,983

Note: all the Company's note receivables were not past due.

B. The movement in the provision for impairment of notes receivable, and accounts receivable during the years ended December 31, 2023 and 2022 are as follows:

	Notes receivable (NTS'000)	Accounts receivable (NTS'000)
Beginning balance as of January 1, 2023	\$-	\$24,267
Addition/(reversal) for the current period	-	(4,090)
Ending balance as of December 31, 2023	\$-	\$20,177
Beginning balance as of January 1, 2022	\$-	\$11,870
Addition/(reversal) for the current period	-	12,397
Ending balance as of December 31, 2022	\$-	\$24,267

(22) Leases

A. Company as a lessee

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

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

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

(a) Income and costs relating to leasing activities

	For the year ended December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
The expense relating to short-term leases (rent expenses)	\$(14,064)	\$(14,270)

The portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases under which the short-term lease expense was disclosed above, and the amount of its lease commitments was NT\$0.

(b) Cash outflow relating to leasing activities

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

B. Company as a lessor

The Company has entered into leases for the plants. These leases have an average life of one to three years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the year ended December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Lease income for operating leases		
Income relating to fixed lease payments	\$3,091	\$3,091

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

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

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

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

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

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

- (1) Average employee benefits of 2023 and 2022 are NT\$728 thousand and NT\$1,088 thousand, respectively.
- (2) Average salaries of 2023 and 2022 are NT\$599 thousand and NT\$961 thousand, respectively.
- (3) Change in average salaries are 38%.
- (4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.
- (5) The salary and remuneration policy of the Company:

According to Articles 24 of the Company's Articles of Incorporation, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. In addition to the basic salaries, employees' annual salaries are also adjusted based on the Company's performance to motivate and retain outstanding employees. In addition, according to Articles 15 of the Company's Articles of Incorporation, the Company pays remuneration to directors for performing duties whether the Company makes profit or not. The Company authorizes the Board of Directors to determine the remunerations which are allocated according to directors' performance, level of contribution referencing the industry standards. In accordance with the regulations, the compensation committee will make recommendations on directors' remuneration and the salaries of managers, then submit to the Board of Directors for approval.

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered.

The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2023 and 2022 at not lower than 10% and not higher than 1% of profit of the current period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2023 amounted to NT\$6,480 thousand, NT\$0 thousand, respectively, and, for the year ended December 31, 2022 amounted to NT\$1,198,514 thousand and NT\$69,913 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries. The Company's Board of Directors has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$6,480 thousand and NT\$0 thousand, respectively, in a meeting held on January 29, 2024.

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

(24) Non-operating incomes and expenses

A. Interest incomes

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

B. Other incomes

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

C. Other gains and losses

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

D. Finance costs

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

(25) Components of other comprehensive income (OCI)

For the year ended December 31, 2023

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>Not to be reclassified to profit or loss:</u>					
Remeasurements of defined benefits plan	\$(14,711)	\$-	\$(14,711)	\$-	\$(14,711)
<u>May be reclassified to profit or loss in subsequent period:</u>					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	(47,302)	-	(47,302)	-	(47,302)
Total OCI	<u>\$(62,013)</u>	<u>\$-</u>	<u>\$(62,013)</u>	<u>\$-</u>	<u>\$(62,013)</u>

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

For the year ended December 31, 2022

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>Not to be reclassified to profit or loss:</u>					
Remeasurements of defined benefits plan	\$42,519	\$-	\$42,519	\$-	\$42,519
<u>May be reclassified to profit or loss in subsequent period:</u>					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method	55,169	-	55,169	-	55,169
Total OCI	<u>\$97,688</u>	<u>\$-</u>	<u>\$97,688</u>	<u>\$-</u>	<u>\$97,688</u>

## (26) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (benefit) recognized in profit or loss

	<u>For the year ended December 31,</u>	
	2023	2022
	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>
Current income tax expense (benefit):	\$62,360	\$1,748,657
Current income tax payable		
Adjustment of current income tax from previous years in the current year	(62,360)	-
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	-	(355)
Total income tax expense	<u>\$-</u>	<u>\$1,748,302</u>

B. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	<u>For the year ended December 31,</u>	
	2023	2022
	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>
Net income before tax	<u>\$47,516</u>	<u>\$8,725,094</u>
Tax payable at the enacted tax rates	\$9,503	\$1,745,019
Surtax on undistributed earnings	-	71,552
Tax effect of income tax-exempted	(98,602)	(104,949)
Tax effect of deferred tax assets/liabilities	89,096	36,680
Other adjustments according to the Tax Law	3	-
Total income tax recognized in profit or loss	<u>\$-</u>	<u>\$1,748,302</u>

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

For the year ended December 31, 2023

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022 (NT\$'000)	Deferred tax income (expense) recognized in profit or loss (NT\$'000)	Deferred tax income (expense) recognized in other comprehensive income (NT\$'000)	Ending balance as of December 31, 2022 (NT\$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	\$9,593	\$-	\$-	\$9,593
Allowance for Inventory Valuation and Obsolescence Losses	-	-	-	-
Exchange loss (gain)	(355)	355	-	-
Deferred tax income/ (expense)		\$355	\$-	
Net deferred tax assets/(liabilities)	\$9,238			\$9,593
Reflected in balance sheet as follows:				
Deferred tax assets	\$9,593			\$9,593
Deferred tax liabilities	\$(355)			\$-

D. Unrecognized deferred tax assets

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

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

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

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

(27) Earnings per share

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

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

A. Basic earnings per share

	For the year ended December 31,	
	2023	2022
Net income attributable to common shareholders of the parent (NT\$'000)	\$47,516	\$6,976,792
Weighted average number of common shares outstanding (in thousand shares)	452,221	451,027
Basic earnings per share (in NT\$)	\$0.11	\$15.47

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

B. Diluted earnings per share

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

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

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period

Related parties and Relationship

<u>Related parties</u>	<u>Relationship</u>
Pegatron Corporation	Parent company
KINSUS CORP. (USA)	Subsidiary
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Subsidiary
PIOTEK COMPUTER (SUZHOU) CO., LTD.	Subsidiary
BeautyTech Platform Corporation	Subsidiary
FuYang Technology Corp.	Associate
ASFLY TRAVEL SERVICE LTD.	Other related party
AzureWave Technologies (Shanghai) Inc.	Other related party
COTEK ELECTRONICS (SUZHOU) Co., LTD.	Other related party

(2) Significant transactions with related parties

A. Sales

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

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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B.Purchases

	For the year ended December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Kinsus Interconnect Technology Suzhou Corp.	\$1,614,862	\$2,926,925

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

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

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

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

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

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

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

J.For the year ended December 31, 2022, the Company recognized operating expenses of NT\$445 thousand for, due to buying tools and spare parts from its subsidiaries.

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

L.Accounts receivable - related parties

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

M.Other receivables

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

N.Account payable - related parties

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

O. Accrued expenses

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

P. Prepaid expenses

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

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

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

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

R. Property transaction with related party

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

S. Salaries and rewards to key management of the Company

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

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

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

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

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

- (3) The Company has entered into a long-term sales agreement with its customer. The customer shall fulfill its obligation of making a certain number of orders as agreed in the agreement and the Group shall provide the products to the customer pursuant to the agreement.
- (4) The Company entered into long-term sales agreements with its customers. According to the agreement, after customers pay the deposit in advance, the Company shall provide the products to the customer pursuant to the agreement.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

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

12. OTHERS

## (1) Categories of financial instruments

Financial assets

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

Financial liabilities

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

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

## (2) Objectives and policies of financial risk management

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk preferences.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk (e.g. equity instruments).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign operations.

The Company has certain foreign currency receivables denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Thus, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. It is stated as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, the net income (loss) for the years ended December 31, 2023 and 2022 would decrease/increase by NT\$104,404 thousand and NT\$82,515 thousand, respectively.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and loans with fixed and variable interest rates, which are all categorized as loans and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the years ended December 31, 2023 and 2022 would decrease/increase by NT\$15,352 thousand and NT\$7,093 thousand, respectively.

#### (4) Credit risk management

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

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

As of December 31, 2023 and 2022, receivables from the top ten customers accounted for 71.73% and 60.02% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively immaterial for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with good credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year (NT\$'000)	1 to 2 years (NT\$'000)	2 to 3 years (NT\$'000)	3 to 4 years (NT\$'000)	4 to 5 years (NT\$'000)	More than 5 years (NT\$'000)	Total (NT\$'000)
<u>As of December 31, 2023</u>							
Loans	\$2,527,975	\$3,037,877	\$3,714,949	\$2,797,791	\$2,599,553	\$3,450,462	\$18,128,607
Payables	6,450,391	-	-	-	-	-	6,450,391
<u>As of December 31, 2022</u>							
Loans	\$1,141,407	\$1,562,918	\$2,033,821	\$2,142,387	\$1,230,488	\$3,115,769	\$11,226,790
Payables	8,977,330	-	-	-	-	-	8,977,330

(6) Movement schedule of liabilities arising from financing activities

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

	Short-term borrowings (NT\$'000)	Long-term borrowings (NT\$'000)	Refundable deposits (NT\$'000)	Total liabilities from financing activities (NT\$'000)
As of January 1, 2023	\$-	\$10,692,487	\$4,822,647	\$15,515,134
Cash flows	500,000	6,013,254	246,978	6,760,232
Non-cash changes				
Other	-	(9,515)	-	(9,515)
As of December 31, 2023	<u>\$500,000</u>	<u>\$16,696,226</u>	<u>\$5,069,625</u>	<u>\$22,265,851</u>

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

	Short-term borrowings (NT\$'000)	Long-term borrowings (NT\$'000)	Refundable deposits (NT\$'000)	Total liabilities from financing activities (NT\$'000)
As of January 1, 2022	\$391,991	\$8,967,213	\$1,744,029	\$11,103,233
Cash flows	(391,991)	1,746,115	3,078,618	4,432,742
Non-cash changes				
Other	-	(20,841)	-	(20,841)
As of December 31, 2022	<u>\$-</u>	<u>\$10,692,487</u>	<u>\$4,822,647</u>	<u>\$15,515,134</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. The following methods and assumptions are used by the Company in estimating the fair values of financial assets and liabilities:

- (a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.

- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed stocks and bonds).
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- (d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

**B. Fair value of financial instruments measured at amortized cost**

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

**C. Fair value measurement hierarchy for financial instruments**

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

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows.

As of December 31, 2023

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$546,647	\$-	\$-	\$546,647

Financial liabilities:

None

As of December 31, 2022

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$540,099	\$-	\$-	\$540,099

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliation for fair value measurements on a recurring basis in Level 3 hierarchy

During the year ended December 31, 2023, there was not movement of fair value measurements.

(9) Significant financial assets and liabilities denominated in foreign currencies

Information regarding the Company's significant financial assets and liabilities denominated in foreign currencies was listed below: (In Thousands)

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

The above information is disclosed based on the carrying amount of foreign currency (after being converted to functional currency).

Foreign exchange gain/loss on monetary financial assets and liabilities is shown as below.

Foreign currency resulting in exchange gain or loss	For the year ended December 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
USD	\$(14,373)	\$120,179
Other	9,910	(424)

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages and adjusts its capital structure considering changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsement/Guarantee provided to others: Please refer to attachment 1.

C. Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 2.

D. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 3.

E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

F. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 4.

H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2023: None.

I. Derivative instrument transactions: None.

(2) Information on investees

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

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

(a) Financing provided to others: None.

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

(c) Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6.

(d) Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 7.

(e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 8.

(f) Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.

(g) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 9.

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

(i) Derivative instrument transactions: None.

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

(3) Information on investments in Mainland China:

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

(In Thousands of New Taiwan Dollars/ Foreign currencies)

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

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

Name of Investee in China	Main Business	Paid-in Capital (NT\$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (NT\$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (NT\$'000)	Profit/Loss of Investee (NT\$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT\$'000)	Carrying Amount as of December 31, 2023 (NT\$'000)	Accumulated Inward Remittance of Earnings as of December 31, 2023 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of December 31, 2023 (NT\$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT\$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT\$'000)
					Outflow (NT\$'000)	Inflow (NT\$'000)									
Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	\$6,166,508 (Note 2)	(3) (Note 10)	\$2,895,946 (Note 2)	\$-	\$-	\$2,895,946 (Note 2)	\$(119,307) (Note 2 and Note 4)	51%	\$(60,847) (Note 2 and Note 4)	\$394,487 (Note 2 and Note 4)	\$-	\$2,895,946 (Note 2)	\$2,895,946 (Note 2)	No upper limit (Note 5)

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

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

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

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

- (1) Directly investment in mainland China.
- (2) Reinvestment in mainland China through a third-region company.
- (3) Other methods.

Note 2: Amounts in foreign currencies are translated into New Taiwan dollars using the exchange rates on the balance sheet date.

Note 3: An investee 100% held and directly invested by BeautyTech Platform Corporation.

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

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

Note 6: The upper limit on investment for Pegavision (Jiangsu) Limited is calculated as 60% of the net value of the recent financial statements of Pagavision Corporation audited by independent auditors.

Note 7: To improve the synergy of the Group, the equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from Pagavision Corporation.

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

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

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

## Kinsus Interconnect Technology Corp.

## Notes to Parent-Company-Only Financial Statements (Continued)

## B. Significant transactions with investees in China.

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

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

The product specification of goods purchased by the Company from Kinsus Interconnect Technology Suzhou Corp. in the year ended December 31, 2023 differed from that of goods purchased from other vendors. Thus, transaction prices are not comparable. The payment term for related parties and non-related parties are both 60 days, from the end of delivery month. The payment terms for non-related parties are 30 to 90 days from the end of delivery month by telegraphic transfer.

## (b) Sales, the ending balance of related accounts receivable and their weightings.

	Sales		Accounts receivable	
	Amount (NT\$'000)	% to Net Sales	Amount (NT\$'000)	% to Account Balance
Sale of Piotek Computer (Suzhou) to Kinsus Interconnect Technology Suzhou	USD 8	20.00%	-	-%
Sale of the Company to Kinsus Interconnect Technology Suzhou	\$22,941	0.12%	-	-%

The product specification of goods sold between subsidiaries in the year ended December 31, 2023 differed from that of goods sold to other customers. Thus, transaction prices cannot be reasonably compared. Sales from the Company to Kinsus Interconnect Technology Suzhou Corp have the same product prices as sales to non-related parties. Collection terms are also equivalent to the ones for non-related parties, which is 30 to 90 days from delivery by telegraphic transfer.

Kinsus Interconnect Technology Corp.

Notes to Parent-Company-Only Financial Statements (Continued)

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

Variety	Related parties	Carrying Value	Price	Gain on disposal (Note)	Reference basis for price decision
Machinery	Kinsus Interconnect Technology Suzhou Corp	<u>\$5,094</u>	<u>\$14,635</u>	<u>\$9,541</u> (Note)	Negotiated price

Note: For the three-month period ended March 31, 2023, the Company wrote off NT\$7,778 thousand due to the unrealized gain on disposal of property, plant and equipment. As of December 31, 2023, unrealized gain on disposal of property, plant and equipment amounted to NT\$7,112 thousand, and was recognized as the credit balance of investments accounted for using the equity method.

(d) Ending balance of endorsements/guarantees or collateral provided and the purposes:

None.

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

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered:

a. The Company sold fixtures and spare parts to Piotek Computer (Suzhou) Co., Ltd. and Kinsus Interconnect Technology Suzhou Corp. Trading Limited and recognized other income in the amount of NT\$26,185 thousand for the year ended December 31, 2023.

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

(4) Information on major shareholders:

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

14. OPERATING SEGMENT INFORMATION

The Company has provided the operating segment disclosure in the consolidated financial statements.

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

Kinsus Interconnect Technology Corp.

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2023

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		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: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

Note 3: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT\$154,901 thousand.

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

Kinsus Interconnect Technology Corp.

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

As of December 31, 2023

Attachment 2

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				Note
				Shares / Units	Carrying Amount	Shareholding %	Fair Value	
Kinsus Interconnect Technology Corp.	Money market funds:							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	21,355,432	\$257,509	-%	\$275,475	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	271,172	
	Subtotal				512,952		<u>\$546,647</u>	
	Add: Valuation adjustments of financial assets at fair value through profit or loss					33,695		
Total					<u>\$546,647</u>			

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

Kinsus Interconnect Technology Corp.

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

For the Year Ended December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

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

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

Kinsus Interconnect Technology Corp.

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

For the Year Ended December 31, 2023

Attachment 4

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance		% to Total
Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	Investee accounted for using equity method indirectly	Purchase	\$1,614,862	21.60%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonably compared.	Other vendors also apply payment within 30~90 days from the end of delivery month	Accounts payable \$(306,633)	(10.38)%	

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

Kinsus Interconnect Technology Corp.

Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of December 31, 2023

Attachment 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 31, 2022	As of December 31, 2023	Shares	%	Carrying Value			
Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	CA. U.S.A.	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	USD 500	USD 500	500,000	100.00%	\$81,703	\$10,108	\$10,108	
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 164,309	USD 164,309	164,308,720	100.00%	\$2,701,241	\$142,911	\$158,464 (Note 2)	
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taiwan	Investing activities	\$1,600,000 (Note)	\$1,600,000 (Note)	160,000,000	100.00%	\$3,342,312	\$469,280	\$469,280	
Kinsus Interconnect Technology Corp.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	Not applicable	\$564,210 (Note 3)	1,820,034	2.33%	\$231,184	\$1,655,902	\$17,182	
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	\$252,455 (Note 1)	\$252,455 (Note 1)	21,233,736	27.22%	\$2,697,142	\$1,655,902	\$479,390	
Kinsus Investment Co., Ltd.	FuYang Technology Corporation	Taiwan	Electronic Parts and Components Manufacturing	\$929,422	\$929,422	64,176,872	35.65%	\$388,776	\$(34,736)	\$(12,385)	
Kinsus Investment Co., Ltd.	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	Not applicable	\$30,000 (Note 4)	3,000,000	17.65%	\$29,725	\$(1,557)	\$(275)	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 72,000	USD 70,000	70,000,000	100.00%	USD 76,482	USD 6,595	USD 6,595	
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	USD 11,793	USD (3,931)	USD (2,005)	
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	USD 23,123	USD (3,931)	USD (3,931)	
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	USD 2,212	USD 50	USD 50	
Pegavision Corporation	PEGAVISION JAPAN INC.	Japan	Selling Medical equipment	JPY 9,900	JPY 9,900	198	100.00%	\$129,255	\$42,034	\$42,034	
Pegavision Corporation	Mayin Investment Co., Ltd.	Taiwan	Investing activities	\$246,003	\$246,003	21,000,000	100.00%	\$468,615	\$128,085	\$128,085	
Pegavision Corporation	PEGAVISION VIETNAM COMPANY LIMITED	Vietnam	Manufacturing and selling medical equipment	Not applicable	\$170,830	-	100.00%	\$166,639	\$(3)	\$(3)	
Pegavision Corporation	Zhuhe Investment Co., Ltd.	Taiwan	Investing activities	Not applicable	\$20,000	20,000,000	11.76%	\$19,817	\$(1,557)	\$(183)	
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	\$107,500	\$107,500	8,500,000	85.00%	\$311,329	\$156,991	\$133,442	
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	\$27,500	\$27,500	2,750,000	55.00%	\$24,970	\$(922)	\$(507)	
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	USD 200	USD 200	200,000	100.00%	\$6,228	\$(109)	\$(109)	
FacialBeau International Corporation	Aquamax Vision Corporation	U.S.A.	Selling medical equipment and cosmetic products	USD 1,100	USD 1,100	11,000,000	100.00%	\$6,683	\$(217)	\$(217)	
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	KRW 100,000	KRW 100,000	-	100.00%	\$2,224	\$(57)	\$(57)	
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	Not applicable	JPY 9,900	198	100.00%	\$2,059	\$(93)	\$(93)	

Note : The Company's original investment in Kinsus Investment Co., Ltd. was NT\$500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT\$102,000 thousand to offset deficits in 2013.

And increased capital by NT\$602,000 thousand and NT\$600,000 thousand in 2016 and 2017, respectively. After the increases, the Company's investment amount increased to NT\$1,600,000 thousand.

Note 1: Kinsus Investment Co., Ltd. invested Pegavision Corporation in cost of NT\$286,418 thousand.

As Pegavision Corporation has become a listed company since October, 2019, Kinsus Investment Co., Ltd decreased its investment by NT\$33,963 thousand in selling 855 thousand shares.

Note 2: It includes the investment income accounted for using equity method of 142,911 thousand, realized benefits on upstream transactions of 26,540 thousand and the unrealized benefits on upstream transactions of 10,987 thousand.

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

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

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

Kinsus Interconnect Technology Corp.

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

As of December 31, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				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>\$12,112</u>	-	<u>\$-</u>	
Pegavision Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	6,400,626	99,464	-	<u>\$2,410,211</u>	-	<u>\$-</u>	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	6,475,107	108,390	-				
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	88,870,417	1,145,000	-				
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss	67,078,751	1,054,557	-				
Mayin Investment Co., Ltd.	Money market funds:									
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	392,329	5,000	-	<u>\$31,080</u>	-	<u>\$-</u>	
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss	1,653,209	26,000	-				
BeautyTech Platform Corporation	Money market funds:									
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss	2,221,592	34,235	-	<u>\$183,569</u>	-	<u>\$-</u>	
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss	502,952	8,360	-				
	FSITC Taiwan Money Market	-	Financial assets at fair value through profit or loss	8,932,500	140,000	-				
FacialBeau International Corporation	Money market funds:									
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	673,797	10,600	-	<u>\$10,605</u>	-	<u>\$-</u>	
	Valuation adjustments of financial assets at fair value through profit or loss				4,657					
	Total				<u>\$2,647,577</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	1,000	1.01%	1,000	-	-	
	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.

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

For the Year Ended December 31, 2023

Attachment 7

(In Thousands of New Taiwan Dollars)

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp.

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

For the Year Ended December 31, 2023

Attachment 8

(In Thousands of Foreign Currency / New Taiwan Dollars)

The Company that acquired the real estate	Name of Property	Date of occurrence (Note 1)	Transaction amount	Payment status	Transaction Parties	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship with the Company	Transfer Date	Amount			
Pegavision Corporation	Land	2023.09.21	<u>\$1,912,290</u>	By Contract Note 3	Pegatron Corporation	Ultimate parent company	ASUSTEK COMPUTER INCORPORATION	Non-related party	2008.01	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
	Buildings	2023.09.21	<u>\$1,127,710</u>	By Contract Note 3	Pegatron Corporation	Ultimate parent company	ASUSTEK COMPUTER INCORPORATION	Non-related party	2008.01	Note 2	The transaction amount refer to professional appraisal institutions.	Satisfy the growth of business sales.	None
PEGAVISION VIETNAM COMPANY LIMITED	Right-of-use assets-land	2023.07.05	<u>USD \$8,800</u>	By Contract Note 4	GREEN i-PARK CORPORATION	-	-	-	-	-	The transaction amount refer to professional appraisal institutions.	Capacity expansion.	None

Note 1: Transaction date means the date of agreement, date of contract signing, date of payment, date of resolution of the board of directors or a committee established by it, or other date that can confirm the counter-party and monetary amount of the transaction, whichever date is earlier.

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

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

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

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

Kinsus Interconnect Technology Corp.

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

For the Year Ended December 31, 2023

Attachment 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance		% to Total
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	Sales	USD 51,999	68.87%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 10,321	71.10%	
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	\$2,961,338	49.55%	Payment within 90 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$584,894	54.70%	
Pegavision Corporation	BeautyTech Platform Corporation	Also a subsidiary under the Company's control	Sales	\$296,073	4.95%	Payment within 120 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$114,430	10.70%	
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Also a subsidiary under the Company's control	Sales	\$274,483	4.59%	Payment within 180 days from the end of delivery month	Similar to general customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$59,203	5.54%	

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

Kinsus Interconnect Technology Corp.

Receivables from Related Parties of at Least NT\$ 100 Million or 20% of the Paid-in Capital

As of December 31, 2023

Attachment 10

(In Thousands of Foreign Currency / New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	<u>USD 10,321</u> (Note)	<u>5.65</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	<u>\$584,894</u> (Note)	<u>6.44</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	<u>\$114,430</u> (Note)	<u>2.77</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note: Accounts receivable.

Kinsus Interconnect Technology Corp.

1. Statement of Cash and Cash Equivalents

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Demand deposit:			1.Exchange Rate
Mega International Commercial Bank—LanYa Branch	#00938-6	\$408,950	USD : NTD=30.7250 : 1
Others		170,678	JPY : NTD=0.21727 : 1
			GBP : NTD=39.1652 : 1
			EUR : NTD=34.0003 : 1
Foreign currency deposit:			
Mega International Commercial Bank—LanYa Branch	#01566-9	659,921	
Others		604,661	2.Cash and Cash equivalents
Subtotal		<u>1,844,210</u>	were not pledged.
Time deposits:			3.The amount of bank account
Mega International Commercial Bank—LanYa Branch		1,701,711	5% of the account balance.
Shanghai Commercial & Saving Bank—ZhongLi Branch		2,098,000	
KGI Bank		1,229,000	
Chang Hwa Bank—BeiTou Branch		2,396,550	
The Bank of Taiwan—BeiTou Branch		2,826,700	
Others		952,475	
Subtotal		<u>11,204,436</u>	
Total		<u><u>\$13,048,646</u></u>	

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

Kinsus Interconnect Technology Corp.

2. Statement of Financial Assets at Fair Value through Profit or Loss

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Financial Instruments	Shares	Par value(NTD)	Amount	Interest Rates	Acquisition costs	Fair Value		Note
						Unit price(NTD)	Amount	
Money market funds:								
Mega Diamond Money Market Fund	21,355,432	-	\$257,509	-	\$257,509	12.8995	\$275,475	
Jih Sun Money Market	17,776,549	-	255,443	-	255,443	15.2545	271,172	
Subtotal			<u>\$512,952</u>		512,952		<u>\$546,647</u>	
Add: Valuation adjustments of financial assets held for trading					33,695			
Total					<u>\$546,647</u>			

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

Kinsus Interconnect Technology Corp.

3. Statement of Accounts Receivable, net

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client A	\$679,218	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client B	255,936	
Client C	246,047	2.Non related parties.
Client D	393,033	
Client E	205,099	
Client F	178,745	
Others	<u>1,396,220</u>	
Subtotal	3,354,298	
Less: loss allowance	<u>(20,177)</u>	
Net	<u><u>\$3,334,121</u></u>	

Kinsus Interconnect Technology Corp.

4. Statement of Inventories

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	\$380,803	\$364,515	1. Inventories are valued at lower of cost or net realizable value item by item.
Supplies & parts	51,800	52,552	
Work in progress	1,006,316	1,006,316	
Finished goods	949,029	751,135	2. The insurance coverage for inventories was NT\$ 2,322,788 thousand as of December 31, 2023.
Merchandises	<u>77,822</u>	<u>89,192</u>	
Subtotal	2,465,770	<u>\$2,263,710</u>	3. Inventories were not pledged.
Less: allowance for inventory valuation losses	<u>(673,429)</u>		
Net	<u>\$1,792,341</u>		

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

Kinsus Interconnect Technology Corp.

5. Statement of Changes in Long-term Investment Accounted for Under the Equity Method

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Investee companies	As of January 1, 2023		Additions		Decrease		As of December 31, 2023			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount		
KINSUS CORP. (USA)	500,000	\$71,710	-	\$9,993 (Note 1)	-	\$-	500,000	100.00%	\$81,703	\$163.41	\$81,703	None	
KINSUS HOLDING (SAMOA) LIMITED	164,308,720	3,230,275	-	-	-	(529,034) (Note 2)	164,308,720	100.00%	2,701,241	16.44	2,701,241	None	
KINSUS INVESTMENT CO., LTD.	160,000,000	2,841,401	-	500,911 (Note 3)	-	-	160,000,000	100.00%	3,342,312	20.89	3,342,312	None	
Pegavision Corporation	-	-	1,820,034	231,184 (Note 4)	-	-	1,820,034	2.33%	231,184	127.02	231,184	None	
Unrealized Profit		(7,726)		614		-			(7,112)				
Total		<u>\$6,135,660</u>		<u>\$742,702</u>		<u>\$(529,034)</u>			<u>\$6,349,328</u>		<u>\$6,356,440</u>		

Note1: Including investment gain recognized using equity method amounted to NT\$10,108 thousand and foreign currency statements translation adjustments decreased by NT\$115 thousand.

Note2: Including investment gain recognized using equity method amounted to NT\$142,911 thousand, foreign currency statements translation adjustments decreased by NT\$63,898 thousand, realized benefits on upstream transactions of NT\$26,540 thousand, the unrealized loss on upstream transactions of NT\$10,987 thousand and earnings distribution decreased by NT\$623,600 thousand.

Note3: Including investment gain recognized using equity method amounted to NT\$469,280 thousand, foreign currency statements translation adjustments increased by NT\$16,492 thousand, capital surplus increased by NT\$483,489 and earnings distribution decreased by NT\$468,800 thousand.

Note4: Including investment gain recognized using equity method amounted to NT\$17,182 thousand, foreign currency statements translation adjustments decreased by NT\$231 thousand, capital surplus decreased by NT\$349,977 thousand and capital increased by NT\$564,210 thousand.

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

Kinsus Interconnect Technology Corp.

6. Statement of Short-term Loans

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Creditor	Nature	Ending balance	Term	Interest rate%	Collateral	Note
Cathay United Bank - Zhongli Branch	Credit loan	<u>\$500,000</u>	2023.12.27~2024.01.16	Note	None	

Note: The interest rate range for short-term loans on December 31, 2023 was 1.50%.

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

Kinsus Interconnect Technology Corp.

7. Statement of Notes Payable

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Pricewaterhouse Coopers Business Consulting Services Taiwan Ltd.	\$15,372	1. The amount of individual vendor included in others does not exceed 5% of the account balance.
NAN YA PLASTICS CORPORATION	8,492	
Odin information Co., Ltd.	7,349	
Hotai Leasing Corporation	5,493	
ORIX Auto Corporation	3,417	
Others	6,541	2. All accounts are not related parties.
Total	<u>\$46,664</u>	

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

Kinsus Interconnect Technology Corp.

8. Statement of Accounts Payable

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Vender Name	Amount	Note
Resonac International (Taiwan) Co., Ltd.	\$141,399	1. The amount of individual vendor included in others does not exceed 5% of the account balance.
Mitsubishi Corporation Plastics Ltd.	137,047	
TAIWAN UYEMURA CO., LTD.	134,202	
Others	1,136,348	2. All accounts are not related parties.
Total	<u>\$1,548,996</u>	

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

Kinsus Interconnect Technology Corp.

9. Statement of Other Payables

As of December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Payables On Projects and Equipment	\$2,135,789	The amount of individual vendor included in others does not exceed 5% of the account balance.
Salaries and Wages	914,139	
Accrued Employee Bonus	670,010	
Accrued Repair And Maintenance Expense	331,091	
Others	497,069	
<b>Total</b>	<b>\$4,548,098</b>	
Payables On Equipment		
CHIU HO ENGINEERING CO., LTD.	\$1,058,468	
WKK JAPAN LIMITED	268,079	
ORC MANUFACTURING CO., LTD.	137,095	
Others	672,147	
<b>Total</b>	<b>\$2,135,789</b>	

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

Kinsus Interconnect Technology Corp.

10. Statement of Changes in Current Tax Liabilities

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Balance as of January 1, 2023	\$1,792,657	
Less: Income tax paid for 2022	(883,369)	
Prepaid tax withheld for the current period	(62,360)	
Balance as of December 31, 2023	<u>\$846,928</u>	

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

Kinsus Interconnect Technology Corp.

11. Statement of Operating Revenues

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount	Note
BGA Substrate	3,465,021 thousands PCS	\$15,617,505	
Others		<u>3,725,441</u>	
Total net operating revenues		<u><u>\$19,342,946</u></u>	

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

Kinsus Interconnect Technology Corp.

12. Statement of Operating Costs

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Direct Materials		
Beginning balance	\$478,173	
Add: Raw materials purchased	3,395,285	
Less: Ending balance	(380,803)	
Others	<u>(132,358)</u>	
Direct materials used	<u>3,360,297</u>	
Supplies and parts		
Beginning balance	79,975	
Add: Supplies and parts purchased	2,465,671	
Less: Ending balance	(51,800)	
Others	<u>42,341</u>	
Supplies and parts used	2,536,187	
Direct labor	1,621,448	
Manufacturing overhead (Detailed list 13)	<u>8,308,928</u>	
Manufacturing cost	15,826,860	
Add: Work in process, beginning balance	1,584,435	
Less: Work in process, ending balance	(1,006,316)	
Others	<u>793,327</u>	
Cost of finished goods	17,198,306	
Add: Finished goods, beginning balance	1,526,869	
Less: Finished goods, ending balance	(949,029)	
Others	<u>(5,006,427)</u>	
Cost of self-manufactured goods sold	12,769,719	
Cost of merchandise sold		
Beginning balance	81,456	
Add: Merchandise purchased	1,614,828	
Less: Ending balance	(77,822)	
Others	<u>(495)</u>	
Cost of merchandise sold	1,617,967	
Loss for market price decline and obsolete and slow-moving inventories, loss from inventory scrapped and loss from inventory physical taking	2,811,071	
Revenue from sale of scraps	<u>(562,558)</u>	
Total	<u><u>\$16,636,199</u></u>	

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

Kinsus Interconnect Technology Corp.

13. Statement of Manufacturing Overhead

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Depreciation	\$3,457,925	
Indirect labor	1,219,172	
Utilities	1,209,485	
Repair and maintenance	1,207,549	
Insurance	510,903	
Others	703,894	
Total	<u>\$8,308,928</u>	

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

Kinsus Interconnect Technology Corp.

14. Statement of Selling

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Commission expenses	\$80,624	
Salaries and wages	72,638	
Shipping	23,058	
Export expense	16,805	
Sample	15,358	
Depreciation	16	
Others	50,924	
Total	<u>\$259,423</u>	

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

Kinsus Interconnect Technology Corp.

15. Statement of General and Administrative

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Depreciation	\$477,293	
Salaries and wages	390,907	
Utilities	175,329	
Miscellaneous purchases	82,655	
Cleaning fee	75,089	
Repair and maintenance	54,870	
Amortization	51,287	
Others	401,556	
Total	<u>\$1,708,986</u>	

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

Kinsus Interconnect Technology Corp.

16. Statement of Research and Development

For the Year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Materials utilized for testing	\$1,176,830	
Salaries and wages	241,004	
Testing	116,027	
Depreciation	12,448	
Others	62,581	
Total	<u>\$1,608,890</u>	