

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

Ticker: 3189

Kinsus Interconnect Technology Corp. and Subsidiaries
Consolidated Financial Statements
With Review Report of Independent Auditors
As of March 31, 2023 and 2022
And For The Three-month Periods Then Ended

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

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

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

REVIEW REPORT OF INDEPENDENT AUDITORS

To The Board of Directors of
Kinsus Interconnect Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Kinsus Interconnect Technology Corp. (the “Company”) and its subsidiaries as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

(To be continued)

(Continued)

Basis for Qualified Conclusion

As explained in Note 6.(8), the financial statements of the associate and joint venture accounted for under the equity method was not reviewed by independent auditors. The carrying values of the associate and joint venture under equity method amounted to NT\$384,072 thousand and NT\$378,029 thousand as of March 31, 2023 and 2022, respectively. The related shares of profits from the associate and joint venture under the equity method amounted to NT\$3,502 thousand and NT\$51,520 thousand, and the related shares of other comprehensive income from the associate and joint venture under the equity method amounted to NT\$(553) thousand and NT\$1,504 thousand for the three-month periods then ended, respectively.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the associate and joint venture accounted for using equity method been reviewed by independent auditors described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2023 and 2022, and their consolidated financial performance and cash flows for the three-month periods ended March 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

/s/Chang, Chih Ming

/s/Chen, Kuo Shuai

Ernst & Young, Taiwan

April 28th, 2023

Notices to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets			As of March 31, 2023		As of December 31, 2022		As of March 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	\$15,692,571	21	\$16,684,198	23	\$15,057,640	25
1110	Financial assets at fair value through profit or loss	6(2)	1,911,938	3	1,218,551	2	688,455	1
1136	Financial assets carried at amortized cost	6(3)	546,057	1	20,057	-	20,057	-
1150	Notes receivable, net	6(5)	12,887	-	11,200	-	1,050	-
1170	Accounts receivable, net	6(6)	4,078,787	5	5,035,681	7	6,039,926	10
1180	Accounts receivable - related parties, net	6(6), 7	1,470	-	2,924	-	21,158	-
1200	Other receivables		619,488	1	606,035	1	691,234	1
1210	Other receivables - related parties	7	-	-	-	-	189	-
1310	Inventories, net	6(7)	2,843,363	4	3,480,943	5	4,017,990	7
1410	Prepayments	7	780,187	1	659,751	1	499,742	1
1470	Other current assets		265,612	-	380,949	-	252,528	-
11xx	Total current assets		26,752,360	36	28,100,289	39	27,289,969	45
	Non-current assets							
1517	Financial assets at fair value through OCI	6(4)	51,000	-	51,000	-	51,000	-
1550	Investment accounted for under equity method	6(8)	384,072	1	381,123	1	378,029	1
1600	Property, plant and equipment, net	6(9), 7, 8	31,237,340	43	31,552,538	43	25,807,429	42
1755	Right-of-use asset	6(23), 7	484,752	1	517,233	1	350,645	1
1780	Intangible assets	6(10)	57,421	-	48,023	-	30,069	-
1840	Deferred income tax assets	4	32,260	-	27,386	-	28,363	-
1900	Other non-current assets	6(11), 7, 8	107,802	-	119,314	-	95,718	-
1915	Prepayment for acquiring machinery	6(9), 9	14,244,543	19	11,836,510	16	6,627,195	11
15xx	Total non-current assets		46,599,190	64	44,533,127	61	33,368,448	55
1xxx	Total Assets		\$73,351,550	100	\$72,633,416	100	\$60,658,417	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity			As of March 31, 2023		As of December 31, 2022		As of March 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term loans	6(12)	\$605,071	1	\$376,620	-	\$1,621,320	3
2130	Contract liability	6(21)	92,816	-	112,683	-	143,008	1
2150	Notes payable		20,978	-	24,330	-	22,223	-
2170	Accounts payable		1,675,729	2	2,148,750	3	2,934,395	5
2200	Other payables	6(13), 7	9,903,946	14	8,624,862	12	9,362,491	15
2230	Current income tax liabilities	4	1,965,595	3	1,926,949	3	1,208,256	2
2280	Lease liability	6(23), 7	132,014	-	132,253	-	51,917	-
2300	Other current liabilities	6(14)	1,627,255	2	1,481,521	2	1,678,337	3
2365	Refund liability	6(15)	351,899	-	545,781	1	165,042	-
21xx	Total current liabilities		16,375,303	22	15,373,749	21	17,186,989	29
	Non-current liabilities							
2527	Contract liability	6(21)	3,990,415	5	2,441,184	4	-	-
2540	Long-term loans	6(16), 8	12,076,606	17	10,770,014	15	8,903,591	15
2570	Deferred income tax liabilities	4	43,472	-	37,335	-	33,704	-
2580	Lease liability	6(23), 7	200,351	-	231,107	-	102,657	-
2600	Other non-current liabilities	6(17)	4,909,001	7	4,964,134	7	2,057,104	3
25xx	Total non-current liabilities		21,219,845	29	18,443,774	26	11,097,056	18
2xxx	Total liabilities		37,595,148	51	33,817,523	47	28,284,045	47
31xx	Equity attributable to shareholders of the parent							
3100	Capital	6(19)						
3110	Common stock		4,542,191	6	4,527,761	6	4,508,441	7
3200	Capital surplus	6(19)	6,994,895	9	6,860,826	9	6,633,051	11
3300	Retained earnings	6(19)						
3310	Legal reserve		4,087,701	6	4,087,701	5	3,700,821	6
3320	Special reserve		203,108	-	203,108	1	181,016	-
3350	Unappropriated earnings		15,891,227	22	18,826,225	26	13,749,716	23
3400	Other components of equity		(177,866)	-	(183,871)	-	(101,124)	-
3500	Treasury Stock	6(19)	-	-	(50)	-	-	-
36xx	Non-controlling interests	6(19)	4,215,146	6	4,494,193	6	3,702,451	6
3xxx	Total equity		35,756,402	49	38,815,893	53	32,374,372	53
	Total liabilities and equity		\$73,351,550	100	\$72,633,416	100	\$60,658,417	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three-month periods ended March 31, 2023 and 2022 (Reviewed but unaudited)

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

Code	Items	Notes	For the three-month period ended March 31,			
			2023		2022 (After restatement)	
			Amount	%	Amount	%
4000	Operating revenues	6(21), 7	\$6,834,744	100	\$9,550,481	100
5000	Operating costs	6(7)	(5,233,680)	(76)	(5,968,145)	(63)
5900	Gross profit		1,601,064	24	3,582,336	37
6000	Operating expenses	7				
6100	Sales and marketing		(192,707)	(3)	(223,523)	(2)
6200	General and administrative		(508,209)	(7)	(607,522)	(6)
6300	Research and development		(585,900)	(9)	(564,644)	(6)
6450	Expected credit gains (losses)	6(22)	10,876	-	3,704	-
	Total operating expenses		(1,275,940)	(19)	(1,391,985)	(14)
6900	Operating income		325,124	5	2,190,351	23
7000	Non-operating incomes and expenses					
7100	Interest income	6(25)	76,195	1	9,956	-
7010	Other incomes	6(25), 7	20,366	-	73,668	1
7020	Other gains or losses	6(25), 7	(27,415)	-	25,572	-
7050	Finance costs	6(25), 7	(53,132)	(1)	(22,575)	-
7060	Share of the profit or loss of associates and joint ventures	6(8)	3,502	-	51,520	-
	Total non-operating incomes and expenses		19,516	-	138,141	1
7900	Income before income tax		344,640	5	2,328,492	24
7950	Income tax expense	4, 6(27)	(59,596)	(1)	(490,515)	(5)
8000	Profit from continuing operations		285,044	4	1,837,977	19
8100	Income (loss) from discontinued operations					
8101	Loss from discontinued operations	12(11)	(68,140)	(1)	(116,850)	(1)
8200	Net income		216,904	3	1,721,127	18
8300	Other comprehensive income (loss)	6(26)				
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		14,751	-	105,954	1
8370	Share of the other comprehensive income (loss) of associates and joint ventures		(553)	-	1,504	-
	Total other comprehensive income (loss), net of tax		14,198	-	107,458	1
8500	Total comprehensive income		\$231,102	3	\$1,828,585	19
8600	Net income attributable to:					
8610	Shareholders of the parent					
	Continuing operations		\$42,765	1	\$1,588,997	17
	Discontinued operations		(34,751)	(1)	(59,593)	(1)
	Net income attributable to Parent		8,014	-	1,529,404	16
8620	Non-controlling interests					
	Continuing operations		242,279	4	248,980	3
	Discontinued operations		(33,389)	(1)	(57,257)	(1)
	Net income attributable to Non-controlling interests		208,890	3	191,723	2
			\$216,904	3	\$1,721,127	18
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent		\$22,486	-	\$1,631,387	17
8720	Non-controlling interests		208,616	3	197,198	2
			\$231,102	3	\$1,828,585	19
9750	Earnings per share-basic (in NTD)	6(28)				
9710	Basic earnings per share from continuing operations		\$0.09		\$3.52	
9720	Basic loss per share from discontinued operations		\$(0.07)		\$(0.13)	
9850	Earnings per share-diluted (in NTD)	6(28)				
9810	Diluted earnings per share from continuing operations		\$0.09		\$3.50	
9820	Diluted loss per share from discontinued operations		\$(0.07)		\$(0.13)	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the three-month periods ended March 31, 2023 and 2022 (Reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent									Non-controlling Interests	Total Equity
		Common Stock	Capital Surplus	Retained Earnings			Others		Treasury Stock	Total		
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit				
3100	3200	3310	3320	3350	3410	3490	3500	31XX	36XX	3XXX		
A1	Balance as of January 1, 2022	\$4,508,441	\$6,633,051	\$3,700,821	\$181,016	\$14,249,110	\$(203,107)	\$-	\$-	\$29,069,332	\$3,919,766	\$32,989,098
	Appropriation and distribution of 2021 earnings											
B5	Cash dividends-common shares					(2,028,798)				(2,028,798)		(2,028,798)
D1	Net income for the three-month period ended March 31, 2022					1,529,404				1,529,404	191,723	1,721,127
D3	Other comprehensive income, net of tax, for the three-month period ended March 31, 2022						101,983			101,983	5,475	107,458
D5	Total comprehensive income	-	-	-	-	1,529,404	101,983	-	-	1,631,387	197,198	1,828,585
O1	Non-controlling interests increase (decrease)										(414,513)	(414,513)
Z1	Balance as of March 31, 2022	<u>\$4,508,441</u>	<u>\$6,633,051</u>	<u>\$3,700,821</u>	<u>\$181,016</u>	<u>\$13,749,716</u>	<u>\$(101,124)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$28,671,921</u>	<u>\$3,702,451</u>	<u>\$32,374,372</u>
A1	Balance as of January 1, 2023	\$4,527,761	\$6,860,826	\$4,087,701	\$203,108	\$18,826,225	\$(147,938)	\$(35,933)	\$(50)	\$34,321,700	\$4,494,193	\$38,815,893
	Appropriation and distribution of 2022 earnings											
B5	Cash dividends-common shares					(2,943,012)				(2,943,012)		(2,943,012)
D1	Net income for the three-month period ended March 31, 2023					8,014				8,014	208,890	216,904
D3	Other comprehensive income (loss), net of tax, for the three-month period ended March 31, 2023						14,472			14,472	(274)	14,198
D5	Total comprehensive income	-	-	-	-	8,014	14,472	-	-	22,486	208,616	231,102
O1	Non-controlling interests increase (decrease)										(487,663)	(487,663)
T1	Employee restricted shares for cancellation and others	14,430	134,069					(8,467)	50	140,082		140,082
Z1	Balance as of March 31, 2023	<u>\$4,542,191</u>	<u>\$6,994,895</u>	<u>\$4,087,701</u>	<u>\$203,108</u>	<u>\$15,891,227</u>	<u>\$(133,466)</u>	<u>\$(44,400)</u>	<u>\$-</u>	<u>\$31,541,256</u>	<u>\$4,215,146</u>	<u>\$35,756,402</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
Kinsus Interconnect Technology Corp. and Subsidiaries
Consolidated Statements of Cash Flows
For the three-month periods ended March 31, 2023 and 2022 (Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	For the three-month periods ended March 31		Code	Items	For the three-month periods ended March 31	
		2023	2022 (After restatement)			2023	2022 (After restatement)
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A00010	Profit from continuing operations before tax	\$344,640	\$2,328,492	B00040	Decrease (increase) in financial assets measured at amortized cost	(526,000)	-
A00020	Loss from discontinued operations before tax	(68,140)	(116,850)	B02700	Acquisition of property, plant and equipment	(4,261,181)	(2,828,257)
A10000	Income before income tax	276,500	2,211,642	B02800	Proceeds from disposal of property, plant and equipment	6,857	28,624
A20000	Adjustments:			B03800	Decrease (increase) in refundable deposits	13,339	(3,913)
A20010	Income and expense adjustments:			B04500	Acquisition of intangible assets	(29,246)	(6,068)
A20100	Depreciation (including right-of-use assets)	1,297,909	1,117,559	BBBB	Net cash provided by (used in) investing activities	(4,796,231)	(2,809,614)
A20200	Amortization	19,850	9,584				
A20300	Expected credit losses	6,888	(3,536)	CCCC	Cash flows from financing activities:		
A20400	Net gain of financial assets at fair value through P/L	(4,387)	(375)	C00100	Increase in (repayment of) short-term loans	228,451	521,474
A20900	Interest expense	68,656	27,142	C01600	Increase in long-term loans	1,900,000	85,875
A21200	Interest income	(76,892)	(10,054)	C01700	Repayments of long-term loans	(412,377)	(463,162)
A21900	Cost of share based payment	18,979	-	C03000	Increase (decrease) in deposits received	(65,987)	168,826
A22300	Share of profit or loss of associates and joint ventures	(3,502)	(51,520)	C04020	Cash payments for the principal portion of the lease liability	(35,454)	(14,155)
A22500	Gain on disposal of property, plant and equipment	(1,763)	(20,003)	C04600	Proceeds from issuing shares	123,949	-
A23700	Impairment loss on non-financial assets	2,797	9,034	CCCC	Net cash provided by (used in) financing activities	1,738,582	298,858
A29900	Gain on government grants	(4,953)	(3,112)				
A30000	Changes in operating assets and liabilities:			DDDD	Effect of exchange rate changes	5,707	63,925
A31110	Financial assets at fair value through P/L	(689,000)	(72,000)				
A31130	Notes receivable	(1,687)	3,150	EEEE	Increase (decrease) in cash and cash equivalents	(991,627)	(274,387)
A31150	Accounts receivable	950,116	(388,418)	E00100	Cash and cash equivalents at beginning of period	16,684,198	15,332,027
A31160	Accounts receivable - related parties	1,454	5,153	E00200	Cash and cash equivalents at end of period	\$15,692,571	\$15,057,640
A31180	Other receivables	7,394	(284,002)				
A31190	Other receivables - related parties	-	178				
A31200	Inventories	637,580	(552,046)				
A31230	Prepayments	(120,436)	32,975				
A31240	Other current assets	115,337	119,654				
A31990	Net defined benefit assets	(1,827)	-				
A32125	Contract liabilities	1,529,364	31,658				
A32130	Notes payable	(3,352)	(6,413)				
A32150	Accounts payable	(473,021)	47,518				
A32180	Other payables	(1,257,940)	116,327				
A32230	Other current liabilities	(18,787)	(102,601)				
A32240	Net defined benefit liability	-	(1,068)				
A32990	Refund liability	(193,882)	(16,066)				
A33000	Cash generated from (used in) operations	2,081,395	2,220,360				
A33100	Interest received	56,102	9,264				
A33300	Interest paid	(57,551)	(20,383)				
A33500	Income tax paid	(19,631)	(36,797)				
AAAA	Net cash provided by (used in) operating activities	2,060,315	2,172,444				

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

1. HISTORY AND ORGANIZATION

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

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

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on April 28, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

(B) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements for the three-month periods ended March 31, 2023 and 2022 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34, "Interim Financial Reporting," as endorsed and became effective by the FSC.

Except for the following 4(4)~4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2022.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars ("NT\$") unless otherwise specified.

(3) Basis of consolidation

The same principles of consolidation have been applied in the Company's consolidated financial statements as those applied in the Company's consolidated financial statements for the year ended December 31, 2022. For the principles of consolidation, please refer to Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2022.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of Ownership (%), as of		
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00%	51.00%	51.00%

Investor	Subsidiary	Main business	Percentage of Ownership (%), as of		
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	30.33% (Note)	30.33% (Note)	30.33% (Note)
KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high-density fine-line)	100.00%	100.00%	100.00%
KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high-density fine-line)	-% (Note 3)	-% (Note 3)	100.00%
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	100.00%	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION JAPAN INC.	Selling medical equipment	100.00%	100.00%	100.00%
PEGAVISION CORPORATION	PEGAVISION (JIANGSU) LIMITED	Producing and Selling medical equipment	100.00%	100.00%	100.00%

Investor	Subsidiary	Main business	Percentage of Ownership (%), as of		
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
PEGAVISION CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	-% (Note 1)	-% (Note 1)	100.00%
PEGAVISION CORPORATION	MAYIN INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%	100.00%
MAYIN INVESTMENT CO., LTD.	BEAUTYTECH PLATFORM CORPORATION	Selling medical equipment and cosmetic products	85.00% (Note 2)	85.00% (Note 2)	100.00%
MAYIN INVESTMENT CO., LTD.	FACIALBEAU INTERNATIONAL CORPORATION	Selling medical equipment and cosmetic products	55.00%	55.00%	55.00%
BEAUTYTECH PLATFORM CORPORATION	AQUAMAX VISION CORPORATION	Selling medical equipment and cosmetic products	-% (Note 1)	-% (Note 1)	100.00%
BEAUTYTECH PLATFORM CORPORATION	PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	Selling medical equipment	100.00% (Note 1)	100.00% (Note 1)	Not applicable
BEAUTYTECH PLATFORM CORPORATION	BEAUTYTECH PLATFORM (SHANGHAI) CORPORATION	Selling medical equipment and cosmetic products	100.00% (Note 1)	100.00% (Note 1)	100.00% (Note 1)

Investor	Subsidiary	Main business	Percentage of Ownership (%), as of		
			Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
BEAUTYTECH PLATFORM CORPORATION	BEAUTYTECH PLATFORM (SINGAPORE) PTE. LTD.	Selling medical equipment and cosmetic products	100.00% (Note 1)	100.00% (Note 1)	Not applicable
PEGAVISION CONTACT LENSES (SHANGHAI) CORPORATION	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	Selling medical equipment	100.00%	100.00%	100.00%
FACIALBEAU INTERNATIONAL CORPORATION	PEGAVISION (JIANGSU) LIMITED	Selling medical equipment and cosmetic products	100.00% (Note 1)	100.00% (Note 1)	100.00% (Note 1)
FACIALBEAU INTERNATIONAL CORPORATION	IKIDO INC.	Selling medical equipment and cosmetic products	100.00% (Note 1)	100.00% (Note 1)	100.00% (Note 1)
FACIALBEAU INTERNATIONAL CORPORATION	RODNA CO., LTD.	Selling medical equipment and cosmetic products	100.00% (Note 1)	100.00% (Note 1)	Not applicable
FACIALBEAU INTERNATIONAL CORPORATION	AQUAMAX VISION CORPORATION	Selling medical equipment and cosmetic products	100.00% (Note 1)	100.00% (Note 1)	Not applicable

Note: The Group had 30.33% ownership of Pegavision Corporation as of March 31, 2023, December 31, 2022 and March 31, 2022. However, the Group possesses control over the entity as it has been the single largest shareholder since the Group invested in Pegavision Corporation. The Group and the parent company hold more than 45% of voting right while the remaining equity is individually held by numerous shareholders without contractual rights. The Group therefore has control over the entity.

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

- (a) BeautyTech Platform (Shanghai) Corporation which is 100% held by BeautyTech Platform Corporation was registered on January 24, 2022.
- (b) BeautyTech Platform (Singapore) Pte. Ltd. which is 100% held by BeautyTech Platform Corporation was registered on August 30, 2022.
- (c) FacialBeau (Jiangsu) Corporation which is 100% held by FacialBeau International Corporation was registered on February 25, 2022. The investment amount has not been remitted as on March 31, 2023.
- (d) The equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from Pegavision Corporation.
- (e) IKIDO Inc. which is 100% held by FacialBeau International Corporation was registered on March 14, 2022.
- (f) RODNA Co., Ltd. which is 100% held by FacialBeau International Corporation was registered on June 23, 2022.
- (g) The equity of Aquamax Vision Corporation was transferred to FacialBeau International Corporation from BeautyTech Platform Corporation.

Note2: To improve the synergy of the Group, the board of directors of BeautyTech Platform Corporation decided to reorganize and issue new shares on August 26, 2022. BeautyTech Platform Corporation issued new shares on September 26, 2022 and retained 15% of the new shares for employee. The ownership interest in BeautyTech Platform Corporation of Mayin Investment Co., Ltd. was reduced to 85%.

Note3: Xiang-Shou (Suzhou) Trading Limited has completed the cancellation of registration in July 2022.

(4) Post-employment benefits

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

(5) Income tax

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the three-month period ended March 31, 2023 as those applied in the Company's consolidated financial statements for the year ended December 31, 2022. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's consolidated financial statements for the year ended December 31, 2022.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Cash and petty cash	\$3,868	\$4,580	\$4,454
Checking and saving	3,525,918	4,617,735	5,477,656
Time deposit	12,162,785	12,061,883	9,575,530
Total	<u>\$15,692,571</u>	<u>\$16,684,198</u>	<u>\$15,057,640</u>

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

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Mandatorily measured at fair value through profit or loss:			
Money market fund	\$1,880,500	\$1,190,266	\$663,286
Valuation adjustment	31,438	28,285	25,169
Total	<u>\$1,911,938</u>	<u>\$1,218,551</u>	<u>\$688,455</u>
Current	<u>\$1,911,938</u>	<u>\$1,218,551</u>	<u>\$688,455</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

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

(3) Financial assets measured at amortized cost

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Time deposit	<u>\$546,057</u>	<u>\$20,057</u>	<u>\$20,057</u>
Current	<u>\$546,057</u>	<u>\$20,057</u>	<u>\$20,057</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

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

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

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

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Equity instruments investments measured at fair value through other comprehensive income – Non-current:			
Unlisted company stocks	\$51,000	\$51,000	\$51,000

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

(5) Notes receivable

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Notes receivable arising from operating activities	\$12,887	\$11,200	\$1,050
Less: loss allowance	-	-	-
Total	\$12,887	\$11,200	\$1,050

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(22) for more details on loss allowance and Note 12 for details on credit risk.

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

A.Accounts receivable, net

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Accounts receivable, gross	\$4,136,451	\$5,086,567	\$6,063,266
Less: allowance against doubtful accounts	(57,664)	(50,886)	(23,340)
Net of allowances	4,078,787	5,035,681	6,039,926
Accounts receivable - related parties, gross	1,470	2,924	21,158
Less: allowance against doubtful accounts	-	-	-
Net of allowances	1,470	2,924	21,158
Total accounts receivable, net	\$4,080,257	\$5,038,605	\$6,061,084

B. Account receivables were not pledged.

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

	Financial Institution	Accounts receivable be transferred (NT\$'000)	Interest Rate	Advance received (NT\$'000)	Collateral	Credit Limit
3/31/2023	Mega International Commercial Bank - LanYa Branch	\$417,154	-%	\$-	None	Note
12/31/2022	Mega International Commercial Bank - LanYa Branch	\$568,040	-%	\$-	None	Note

	Financial Institution	Accounts receivable be transferred (NT\$'000)	Interest Rate	Advance received (NT\$'000)	Collateral	Credit Limit
3/31/2022	Mega International Commercial Bank - LanYa Branch	\$531,179	-%	\$-	None	Note

Note: The credit limits were US\$30,000 thousand as of March 31, 2023, December 31, 2022 and March 31, 2022.

D. Accounts receivable are generally on 30-90 day terms. The total carrying amount as of March 31, 2023, December 31, 2022 and March 31, 2022, are NT\$4,137,921 thousand, NT\$5,089,491 thousand and NT\$6,084,424 thousand, respectively. Please refer to Note 6 (22) for more details on loss allowance of accounts receivable for the periods ended March 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

A. Details of inventory:

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Raw material	\$432,439	\$571,272	\$774,458
Supplies	71,944	71,742	104,797
Work in process	1,460,369	1,711,633	2,226,907
Finished goods	833,963	1,075,506	878,235
Merchandises	44,648	50,790	33,593
Total	<u>\$2,843,363</u>	<u>\$3,480,943</u>	<u>\$4,017,990</u>

B. For the three-month periods ended March 31, 2023 and 2022, the Group recognized amount under the caption of costs of sale:

Item	For the three-month periods ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Continuing operations	\$5,233,680	\$5,968,145
Discontinued operations	-	523,834
Total	\$5,233,680	\$6,491,979

The Group recognized which loss for market price decline, and obsolete and slow-moving inventories, loss from inventory scrapped and loss from inventory physical taking as below:

Item	For the three-month periods ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Continuing operations	\$909,193	\$863,239
Discontinued operations	-	99,378
Total	\$909,193	\$962,617

C. The inventories were not pledged.

(8) Investments accounted for under the equity method

	As of					
	3/31/2023		12/31/2022		3/31/2022	
Investees	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
	(NT\$'000)	(%)	(NT\$'000)	(%)	(NT\$'000)	(%)
Investments in associates:						
FuYang Technology Corp.	\$384,072	35.65%	\$381,123	35.65%	\$378,029	35.65%

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

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

B. Investments in associates

As of March 31, 2023, December 31, 2022 and March 31, 2022, the aggregate carrying amount of the Group's interests in FuYang Technology Corp. is NT\$384,072 thousand, NT\$381,123 thousand, NT\$378,029 thousand, respectively. The aggregate financial information based on Group's share of FuYang Technology Corp. is as follows:

	For the three-month period ended March 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
Profit from continuing operations	\$3,502	\$51,520
Other comprehensive income (post-tax)	(553)	1,504
Total comprehensive income	<u>\$2,949</u>	<u>\$53,024</u>

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

C. The Group's investment accounted for under equity method as of March 31, 2023 and 2022 amounted to NT\$384,072 thousand and NT\$378,029 thousand, respectively. The share of the profit or loss of these associates and joint ventures accounted for using the equity method amount to NT\$3,502 thousand and NT\$51,520 thousand for the three-month periods ended March 31, 2023 and 2022, respectively. The share of other comprehensive income of these associates and joint ventures accounted for using the equity method amount to NT\$(553) thousand and NT\$1,504 thousand for the three-month periods ended March 31, 2023 and 2022, respectively. They were measured based on the un-reviewed financial statements of the investee.

D. No investment accounted for under equity method was pledged as collateral as of March 31, 2023, December 31, 2022 and March 31, 2022.

(9) Property, plant and equipment

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Owner occupied property, plant and equipment	<u>\$31,237,340</u>	<u>\$31,552,538</u>	<u>\$25,807,429</u>

A. Property, plant and equipment for own-use

							Construction in progress and equipment awaiting inspection (including prepayment for equipment)	
	Land (NT\$'000)	Buildings (NT\$'000)	Machinery (NT\$'000)	Office Equipment (NT\$'000)	Vehicle (NT\$'000)	Other Equipment (NT\$'000)		Total (NT\$'000)
<u>Cost:</u>								
As of 1/1/2023	\$6,307,423	\$10,488,132	\$34,095,174	\$324,058	\$29,807	\$8,062,156	\$17,145,404	\$76,452,154
Addition	-	-	-	161	-	37,083	3,325,425	3,362,669
Disposals	-	(6,264)	(84,875)	(74)	-	(18,930)	-	(110,143)
Effect of EX rate	-	(12,865)	13,304	265	59	4,980	1,603	7,346
Reclassification	-	-	431,232	2,482	700	177,048	(611,462)	-
As of 3/31/2023	<u>\$6,307,423</u>	<u>\$10,469,003</u>	<u>\$34,454,835</u>	<u>\$326,892</u>	<u>\$30,566</u>	<u>\$8,262,337</u>	<u>\$19,860,970</u>	<u>\$79,712,026</u>
As of 1/1/2022	\$6,110,463	\$10,079,610	\$30,695,673	\$277,175	\$23,301	\$8,083,031	\$8,011,113	\$63,280,366
Addition	-	(2,020)	350	-	-	26,531	2,370,664	2,395,525
Disposals	-	-	(385,611)	(1,822)	-	(50,003)	-	(437,436)
Effect of EX rate	-	85,562	218,985	2,441	441	51,763	4,947	364,139
Reclassification	-	1,801	1,206,704	18,548	378	158,689	(1,386,120)	-
As of 3/31/2022	<u>\$6,110,463</u>	<u>\$10,164,953</u>	<u>\$31,736,101</u>	<u>\$296,342</u>	<u>\$24,120</u>	<u>\$8,270,011</u>	<u>\$9,000,604</u>	<u>\$65,602,594</u>
<u>Depreciation and impairment:</u>								
As of 1/1/2023	\$-	\$4,240,246	\$22,587,144	\$258,326	\$19,916	\$5,957,474	\$-	\$33,063,106
Depreciation	-	137,267	912,089	9,012	702	203,160	-	1,262,230
Impairment loss	-	-	-	-	-	2,797	-	2,797
Disposal	-	(6,264)	(79,781)	(74)	-	(18,930)	-	(105,049)
Effect of EX rate	-	(9,020)	11,544	217	52	4,266	-	7,059
As of 3/31/2023	<u>\$-</u>	<u>\$4,362,229</u>	<u>\$23,430,996</u>	<u>\$267,481</u>	<u>\$20,670</u>	<u>\$6,148,767</u>	<u>\$-</u>	<u>\$34,230,143</u>

							Construction in progress and equipment awaiting inspection (including prepayment for equipment)	
	Land	Buildings	Machinery	Office Equipment	Vehicle	Other Equipment		Total
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
As of 1/1/2022	\$-	\$3,510,712	\$22,709,441	\$236,568	\$17,449	\$5,721,728	\$-	\$32,195,898
Depreciation	-	127,512	751,006	8,176	529	213,986	-	1,101,209
Impairment loss	-	198	-	-	-	8,836	-	9,034
Disposal	-	-	(377,041)	(1,770)	-	(50,004)	-	(428,815)
Effect of EX rate	-	46,273	195,931	2,171	389	45,880	-	290,644
Reclassification	-	-	-	-	-	-	-	-
As of 3/31/2022	\$-	\$3,684,695	\$23,279,337	\$245,145	\$18,367	\$5,940,426	\$-	\$33,167,970

Net carrying amount:

As of 3/31/2023	\$6,307,423	\$6,106,774	\$11,023,839	\$59,411	\$9,896	\$2,113,570	\$19,860,970	\$45,481,883
As of 12/31/2022	\$6,307,423	\$6,247,886	\$11,508,030	\$65,732	\$9,891	\$2,104,682	\$17,145,404	\$43,389,048
As of 3/31/2022	\$6,110,463	\$6,480,258	\$8,456,764	\$51,197	\$5,753	\$2,329,585	\$9,000,604	\$32,434,624

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

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

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Property, plant and equipment	\$31,237,340	\$31,552,538	\$25,807,429
Prepayment for acquiring machinery	14,244,543	11,836,510	6,627,195
Total	\$45,481,883	\$43,389,048	\$32,434,624

D. For the three-month periods ended March 31, 2023 and 2022, NT\$2,797 thousand and NT\$9,034 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income. The recoverable value is measured at usage values by the individual units.

E. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.

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

(10) Intangible assets

	Computer software (NT\$'000)
<u>Cost:</u>	
As of 1/1/2023	\$92,761
Additions – acquired separately	29,246
Derecognized upon retirement	(67)
Reclassification	-
Effect of exchange rate changes	(10)
As of 3/31/2023	<u>\$121,930</u>
As of 1/1/2022	\$73,453
Additions – acquired separately	6,068
Derecognized upon retirement	(9,570)
Reclassification	-
Effect of exchange rate changes	571
As of 3/31/2022	<u>\$70,522</u>
<u>Amortization and Impairment:</u>	
As of 1/1/2023	\$44,738
Amortization	19,850
Derecognized upon retirement	(67)
Reclassification	-
Effect of exchange rate changes	(12)
As of 3/31/2023	<u>\$64,509</u>

	Computer software (NT\$'000)
As of 1/1/2022	\$40,235
Amortization	9,584
Derecognized upon retirement	(9,570)
Reclassification	-
Effect of exchange rate changes	204
As of 3/31/2022	\$40,453
<u>Carrying amount, net:</u>	
As of 3/31/2023	\$57,421
As of 12/31/2022	\$48,023
As of 3/31/2022	\$30,069

Amounts of amortization recognized for intangible assets are as follows:

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Cost of goods sold	\$93	\$72
Selling	130	220
General and administrative	19,345	8,965
Research and development	282	327
Total	\$19,850	\$9,584

(11) Other non-current assets

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Refundable deposits	\$75,476	\$88,815	\$95,718
Net defined benefit assets	32,326	30,499	-
Total	\$107,802	\$119,314	\$95,718

(12) Short-term loans

	Interest interval (%)	As of		
		3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Unsecured bank loans	5.30%~6.20%	\$605,071	\$376,620	\$1,621,320

The Group's unused short-term lines of credits amount to NT\$18,163,838 thousand, NT\$18,055,794 thousand and NT\$8,111,967 thousand, as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively.

(13) Other payable

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Accrued expense	\$4,600,456	\$5,367,887	\$4,760,833
Dividend payable	2,943,012	-	2,028,798
Equipment payable	2,349,119	3,247,631	2,568,175
Accrued interest	11,359	9,344	4,685
Total	\$9,903,946	\$8,624,862	\$9,362,491

(14) Other current liabilities

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Other current liabilities	\$141,964	\$160,751	\$217,809
Current portion of long-term loans	1,468,000	1,305,487	838,136
Fund collected for purchase of equipment on behalf of others (Note)	-	-	611,867
Deferred revenue	17,291	15,283	10,525
Total	\$1,627,255	\$1,481,521	\$1,678,337

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

(15)Refund liability

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Refund liability	\$351,899	\$545,781	\$165,042

(16)Long-term loans

Details of long-term loans were as follows:

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 3/31/2023 (NT\$'000)	
Mega International Commercial Bank – LanYa Branch	Credit loan	2026.12.15- 2036.06.28	\$5,734,695	Notes 1, 2, 5, 10, 11 and 20
Mega International Commercial Bank – LanYa Branch	Secured loan	2026.09.15	4,952	Note 16
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2026.12.31- 2029.07.15	2,167,428	Notes 3, 7, 12, 19, 21 and 23
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	46,763	Note 17
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2027.08.15- 2029.06.15	1,835,512	Notes 5, 14 and 18
Chang Hwa Commercial Bank – BeiTou Branch	Secured loan	2042.06.21	209,000	Note 13
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04- 2029.06.15	3,546,256	Notes 4, 6, 9 and 22
Total			13,544,606	
Less: current portion			(1,468,000)	
Non-current portion			\$12,076,606	

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 12/31/2022 (NT\$'000)	
Mega International Commercial Bank – LanYa Branch	Credit loan	2026.12.15- 2036.06.28	\$4,694,705	Notes 1, 2, 5, 10, 11 and 20
Mega International Commercial Bank – LanYa Branch	Secured loan	2026.09.15	4,946	Note 16
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2026.12.31- 2029.07.15	2,422,614	Notes 3, 7, 12, 19, 21 and 23
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	48,270	Note 17
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2027.08.15- 2029.06.15	1,735,418	Notes 5, 14 and 18
Chang Hwa Commercial Bank – BeiTou Branch	Secured loan	2042.06.21	219,000	Note 13
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04- 2029.06.15	2,950,548	Notes 4, 6, 9 and 22
Total			12,075,501	
Less: current portion			(1,305,487)	
Non-current portion			<u>\$10,770,014</u>	

Debtor	Type of Loan	Maturity	Loan Balance	Repayment
			As of 3/31/2022 (NT\$'000)	
Mega International Commercial Bank – LanYa Branch	Credit loan	2026.12.15- 2036.06.28	\$4,961,839	Notes 1, 2, 5, 10, 11 and 15
Mega International Commercial Bank – LanYa Branch	Secured loan	2026.09.15	4,928	Note 16
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Credit loan	2025.12.18- 2028.11.15	2,315,344	Notes 3, 7, 8, 12 and 19
The Shanghai Commercial & Savings Bank – ZhongLi Branch	Secured loan	2030.10.15	49,139	Note 17
Chang Hwa Commercial Bank – BeiTou Branch	Credit loan	2025.03.15- 2027.08.15	549,330	Note 5 and 18
The Bank of Taiwan – BeiTou Branch	Credit loan	2026.11.04- 2026.12.31	1,861,147	Notes 4, 6 and 9
Total			9,741,727	
Less: current portion			(838,136)	
Non-current portion			\$8,903,591	

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

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

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

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

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

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

Note 18: A term is defined as every month starting from the initial draw-down date. Grace period is 3 years (36 terms). The rest is repayable in installments of equal amount for 24 terms.

Note 19: A term is defined as every 3 months starting from the initial draw-down date. The principal and interest are repayable in installments of equal amount for 16 terms.

Note 20: Grace period is 3 years from the initial draw-down date. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 48 terms.

Note 21: Loan period is 7 years. Grace period is 1 year. Interest shall be paid monthly with principal repaid every month (84 terms). The rest is repayable in installments of equal amount for 72 terms.

Note 22: Grace period is 2 years. Interest shall be paid monthly with principal repaid every month. The rest is repayable in installments of equal amount for 60 terms.

Note 23: Loan period is 7 years. Grace period is 7 months. Interest shall be paid monthly with principal repaid every month (84 terms). The rest is repayable in installments of equal amount for 72 terms.

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

B. As of March 31, 2023, December 31, 2022 and March 31, 2022, the interest rate intervals for long-term loans were 0.95%~5.98%, 0.58%~5.74% and 0.65%~1.95%, respectively.

The Group obtained from the Ministry of Economy a low-interest government loan amounting NT\$10,860,000 thousands with a term of 5~10 years and annual interest rates of 0.95%~1.77% and monthly interest payment on the 15th of each month. The loan was recorded under the caption of other liabilities-deferred government grants income. The Group shall recognize the government grant income when it is reasonably assured that the Group satisfy all the terms of the government grant agreement.

(17) Other non-current liabilities

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

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Net defined benefit liability	\$-	\$-	\$15,191
Deposits received	4,818,268	4,884,255	1,989,233
Deferred revenue	90,733	79,879	52,680
Total	<u>\$4,909,001</u>	<u>\$4,964,134</u>	<u>\$2,057,104</u>

(b) The details of the deferred government grants income for the three-month period ended March 31, 2023 and 2022 are as follows:

	For the three-month period ended March 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
Beginning balance	\$95,162	\$66,317
Received during the period	17,815	-
Released to the statement of comprehensive income	(4,953)	(3,112)
Ending Balance	<u>\$108,024</u>	<u>\$63,205</u>
Current	<u>\$17,291</u>	<u>\$10,525</u>
Non-current	<u>\$90,733</u>	<u>\$52,680</u>

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

(18) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2023 and 2022 were NT\$50,365 thousand and NT\$47,127 thousand, respectively.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2023 and 2022 were NT\$0 and NT\$34 thousand, respectively.

(19)Equity

A. Common shares

As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company's authorized capital was NT\$6,000,000 thousand, each share at par value of NT\$10, divided into 600,000 thousand shares. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Company's paid-in capital were NT\$4,542,191 thousand, NT\$4,527,761 thousand and NT\$4,508,441 thousand, respectively, divided into 454,219 thousand shares, 452,776 thousand shares and 450,844 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 governmentally approved by FSC in the Order No. Financial-Supervisory-Securities-Corporate-1110347163 issued on June 23, 2022. The Company's board of directors resolved the measurement date was on August 19, 2022. The issue price per share is NT\$85.6, and issued 1,932 thousand shares.

On February 13, 2023, the board of directors resolved to issue 2,035,500 shares of restricted stock. The measurement date was on March 20, 2023 and issued 1,448,000 shares of restricted stock.

On February 13, 2023, the board of directors resolved to cancel restricted stock, and the amount of the capital reduction is NT\$50 thousand. The measurement date was on March 19, 2023.

B. Capital surplus

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Additional paid-in capital	\$6,116,351	\$6,116,351	\$6,036,311
Differences between purchase price and carrying amount arising from acquisition or disposal of subsidiaries	52,567	52,567	50,925
All changes in interests in subsidiaries	529,959	529,959	529,959
Change in joint ventures accounted for using equity method	7,484	7,484	7,484
Change in equity of investment accounted for using equity method	-	-	1
Shared-Based Payment	8,371	8,371	8,371
Restricted stocks for employees	280,163	146,094	-
Total	<u>\$6,994,895</u>	<u>\$6,860,826</u>	<u>\$6,633,051</u>

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

C. Treasury stock

Treasury stock amounted to NT\$0, NT\$50 thousand and NT\$0, divided into 0 share, 5 thousand shares and 0 share, respectively, as of March 31, 2023, December 31, 2022 and March 31, 2022.

<u>Purpose of repurchase</u>	<u>Beginning balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending balance</u>
<u>For the three-month period ended March 31, 2023</u>				
Recover failed restricted stocks	<u>5</u>	<u>0</u>	<u>5</u>	<u>0</u>

For the three-month period ended March
31, 2022

None.

According to the Securities and Exchange Law of the R.O.C., total treasury stock shall not exceed 10% of the Company's issued stock, and the total purchase amount shall not exceed the sum of the retained earnings, additional paid-in capital-premiums and realized additional paid-in capital. As such, the ceiling number of shares of treasury stock that the Company could hold as of March 31, 2023 were 45,422 thousand shares, with the maximum payments of NT\$26,095,279 thousand.

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

D. Appropriation of earnings and dividend policies

(a) Earning distribution

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

- a. Payment of all taxes and dues;
- b. Offset prior years' operation losses;
- c. Set aside 10% of the remaining amount as legal reserve. 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 shareholder's meeting.

(b) Dividend policies

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

(c) Legal reserve

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

(d) Special reserve

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

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

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

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

- (e) The appropriations of earnings for the Year 2022 and 2021 were approved through the Board of Directors’ meetings and the shareholders’ meetings held on February 13, 2023 and May 27, 2022, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2022 (NT\$'000)	2021 (NT\$'000)	2022	2021
Legal reserve	\$701,489	\$386,880		
Special reserve	(55,169)	22,092		
Cash dividend (Note)	2,943,012	2,028,798	\$6.50	\$4.50
Total	<u>\$3,589,332</u>	<u>\$2,437,770</u>		

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

Note: As stipulated in the Articles of Incorporation, a special resolution was passed at a Board of Directors meeting held on February 13, 2023 to distribute the 2022 common stock dividend in cash.

E. Non-controlling interests

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Beginning balance	\$4,494,193	\$3,919,766
Net income attributable to NCIs	208,890	191,723
Other comprehensive income attributable to NCIs:		
Exchange differences arising on translation of foreign operations	(274)	5,475
Non-controlling interests increase/(decrease)	(487,663)	(414,513)
Ending balance	\$4,215,146	\$3,702,451

(20) Share-based payment plans

Restricted stocks plan for employees

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

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

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

i. Employee above level eight

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

ii. Employee at level six through level seven

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

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

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

On August 19, 2022, the issuance of 1,932 thousand restricted shares for employees resulted in the increase of capital reserve—employee stock option amounting to NT\$226,134 thousand. The restricted stocks plan was invalidated as of March 31, 2023 and 5 thousand share was recalled. As a result, capital reserve increased by NT\$50 thousand and the unearned employee compensation was NT\$25,117 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. As of March 31, 2023, the unearned employee compensation was NT\$19,283 thousand.

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

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Total expense arising from equity-settled share-based payment transactions	\$18,979	\$-

C. The Company did not modify the share-based payment plan for the three-month period ended March 31, 2023 and 2022.

(21)Sales

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Revenue from customer contracts		
Sales of goods	\$6,506,009	\$9,834,976
Other operating revenue	328,319	179,283
Total	\$6,834,328	\$10,014,259

Analysis of revenue from contracts with customers during the three-month periods ended March 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

For the three-month period ended March 31, 2023						
Continuing Operations				Discontinued		
	IC Substrate (NT\$'000)	Optics (NT\$'000)	PCB (NT\$'000)	Subtotal (NT\$'000)	operations (NT\$'000)	Total (NT\$'000)
Sale of goods	\$5,046,767	\$1,459,658	\$-	\$6,506,425	\$(416)	\$6,506,009
Other	328,319	-	-	328,319	-	328,319
Total	<u>\$5,375,086</u>	<u>\$1,459,658</u>	<u>\$-</u>	<u>\$6,834,744</u>	<u>\$(416)</u>	<u>\$6,834,328</u>

The timing for revenue recognition:

At a point in time	<u>\$5,375,086</u>	<u>\$1,459,658</u>	<u>\$-</u>	<u>\$6,834,744</u>	<u>\$(416)</u>	<u>\$6,834,328</u>
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For the three-month period ended March 31, 2022						
Continuing Operations				Discontinued		
	IC Substrate (NT\$'000)	Optics (NT\$'000)	PCB (NT\$'000)	Subtotal (NT\$'000)	operations (NT\$'000)	Total (NT\$'000)
Sale of goods	\$7,881,254	\$1,488,385	\$1,559	\$9,371,198	\$463,778	\$9,834,976
Other	179,283	-	-	179,283	-	179,283
Total	<u>\$8,060,537</u>	<u>\$1,488,385</u>	<u>\$1,559</u>	<u>\$9,550,481</u>	<u>\$463,778</u>	<u>\$10,014,259</u>

The timing for revenue recognition:

At a point in time	<u>\$8,060,537</u>	<u>\$1,488,385</u>	<u>\$1,559</u>	<u>\$9,550,481</u>	<u>\$463,778</u>	<u>\$10,014,259</u>
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B. Contract balances

(a) Contract liabilities

	As of			
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)	1/1/2022 (NT\$'000)
Sales of goods	\$4,080,330	\$2,550,873	\$132,567	\$98,679
Customer loyalty programs	2,901	2,994	10,441	12,671
Total	<u>\$4,083,231</u>	<u>\$2,553,867</u>	<u>\$143,008</u>	<u>\$111,350</u>
Current	\$92,816	\$112,683	\$143,008	\$111,350
Non-Current	<u>3,990,415</u>	<u>2,441,184</u>	<u>-</u>	<u>-</u>
Total	<u>\$4,083,231</u>	<u>\$2,553,867</u>	<u>\$143,008</u>	<u>\$111,350</u>

The significant changes in the Group's balances of contract liabilities for the three-month periods ended March 31, 2023 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(96,156)	\$(2,994)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,625,613	2,901

The significant changes in the Group's balances of contract liabilities for the three-month periods ended March 31, 2022 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(69,513)	\$(12,671)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	103,401	10,441

(22) Expected credit losses (gains)

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Operating expenses – Expected credit losses (gains)		
Accounts receivable (Including discontinued operations amounting to NT\$17,764 thousand and NT\$168 thousand, respectively)	\$6,888	\$(3,536)

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

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

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

As of March 31, 2023

Group 1	Not past due	Past due						Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	>=365 days	
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	
Gross carrying amount	\$3,112,283	\$227,418	\$2,340	\$-	\$14,219	\$38,349	\$-	\$3,394,609
Loss ratio	-%	5%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(11,371)	(351)	-	(7,110)	(28,762)	-	(47,594)
Subtotal	3,112,283	216,047	1,989	-	7,109	9,587	-	3,347,015

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

Group 2	Not past due	Past due					Individual evaluate	Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days		
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)		
Gross carrying amount	\$737,999	\$11,532	\$-	\$-	\$-	\$-	\$6,668	\$756,199
Loss ratio	0.45%	1%	0%	0%	0%	0%	100%	
Lifetime expected credit losses	(3,287)	(115)	-	-	-	-	(6,668)	(10,070)
Subtotal	734,712	11,417	-	-	-	-	-	746,129
Carrying amount of accounts receivable	\$3,846,995	\$227,464	\$1,989	\$-	\$7,109	\$9,587	\$-	\$4,093,144

As of December 31, 2022

Group 1	Not past due	Past due						Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	>=365 days	
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	
Gross carrying amount	\$3,935,761	\$289,525	\$82,055	\$31,482	\$4,251	\$-	\$4,282	\$4,347,356
Loss ratio	-%	5%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(14,585)	(12,308)	(9,445)	(2,126)	-	(4,282)	(42,746)
Subtotal	3,935,761	274,940	69,747	22,037	2,125	-	-	4,304,610
Group 2	Not past due	Past due					Individual evaluate	Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days		
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)		
Gross carrying amount	\$733,379	\$18,027	\$-	\$-	\$-	\$-	\$1,929	\$753,335
Loss ratio	0.82%	1%	0%	0%	0%	0%	100%	
Lifetime expected credit losses	(6,031)	(180)	-	-	-	-	(1,929)	(8,140)
Subtotal	727,348	17,847	-	-	-	-	-	745,195
Carrying amount of accounts receivable	\$4,663,109	\$292,787	\$69,747	\$22,037	\$2,125	\$-	\$-	\$5,049,805

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

As of March 31, 2022

Group 1	Not past due	Past due					Individual evaluate	Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days		
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)		
Gross carrying amount	\$5,300,733	\$129,460	\$1,012	\$21	\$-	\$-	\$-	\$5,431,226
Loss ratio	-%	5%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(6,473)	(152)	(6)	-	-	-	(6,631)
Subtotal	5,300,733	122,987	860	15	-	-	-	5,424,595
Group 2	Not past due	Past due					Individual evaluate	Total (NT\$'000)
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days		
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)		
Gross carrying amount	\$621,917	\$18,993	\$-	\$-	\$-	\$-	\$13,338	\$645,248
Loss ratio	0.51%	1%	0%	0%	0%	0%	100%	
Lifetime expected credit losses	(3,181)	(190)	-	-	-	-	(13,338)	(16,709)
Subtotal	618,736	18,803	-	-	-	-	-	637,539
Carrying amount of accounts receivable	\$5,919,469	\$141,790	\$860	\$15	\$-	\$-	\$-	\$6,062,134

Note: all the Group's notes receivable were not past due.

B. The movement in the provision for impairment of notes receivable and accounts receivable during the three-month periods ended March 31, 2023 and 2022 are as follows:

	Notes receivable (NT\$'000)	Accounts receivable (NT\$'000)
Beginning balance as of January 1, 2023	\$-	\$50,886
Addition/(reversal) for the current period	-	6,888
Effect of exchange rate	-	(110)
Ending balance as of March 31, 2023	\$-	\$57,664
Beginning balance as of January 1, 2022	\$-	\$26,844
Addition/(reversal) for the current period	-	(3,536)
Effect of exchange rate	-	32
Ending balance as of March 31, 2022	\$-	\$23,340

(23)Leases

A.Group as a lessee

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

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

(a) Amounts recognized in the balance sheet

I. Right-of-use asset

	Land (NT\$'000)	Buildings (NT\$'000)	Total (NT\$'000)
<u>Cost:</u>			
As of 1/1/2023	\$228,862	\$492,223	\$721,085
Addition	-	3,467	3,467
Disposals	-	(3,933)	(3,933)
Transfer	-	-	-
Effect of EX rate	(398)	161	(237)
As of 3/31/2023	<u>\$228,464</u>	<u>\$491,918</u>	<u>\$720,382</u>
As of 1/1/2022	\$271,757	\$207,324	\$479,081
Addition	-	5,052	5,052
Disposals	-	-	-
Transfer	-	-	-
Effect of EX rate	9,769	2,236	12,005
As of 3/31/2022	<u>\$281,526</u>	<u>\$214,612</u>	<u>\$496,138</u>
<u>Depreciation and impairment:</u>			
As of 1/1/2023	\$68,572	\$135,280	\$203,852
Depreciation	1,163	34,516	35,679
Impairment	-	-	-
Disposal	-	(3,829)	(3,829)
Transfer	-	-	-
Effect of EX rate	(143)	71	(72)
As of 3/31/2023	<u>\$69,592</u>	<u>\$166,038</u>	<u>\$235,630</u>

	Land (NT\$'000)	Buildings (NT\$'000)	Total (NT\$'000)
As of 1/1/2022	\$76,120	\$49,666	\$125,786
Depreciation	1,400	14,950	16,350
Impairment	-	-	-
Disposal	-	-	-
Transfer	-	-	-
Effect of EX rate	2,758	599	3,357
As of 3/31/2022	<u>\$80,278</u>	<u>\$65,215</u>	<u>\$145,493</u>
<u>Net carrying amount:</u>			
As of 3/31/2023	<u>\$158,872</u>	<u>\$325,880</u>	<u>\$484,752</u>
As of 12/31/2022	<u>\$160,290</u>	<u>\$356,943</u>	<u>\$517,233</u>
As of 3/31/2022	<u>\$201,248</u>	<u>\$149,397</u>	<u>\$350,645</u>

II. Lease liabilities

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Lease liabilities	<u>\$332,365</u>	<u>\$363,360</u>	<u>\$154,574</u>
Current	\$132,014	\$132,253	\$51,917
Non-current	<u>200,351</u>	<u>231,107</u>	<u>102,657</u>
Total	<u>\$332,365</u>	<u>\$363,360</u>	<u>\$154,574</u>

Please refer to Note 6(25) (D) for the interest on lease liabilities recognized during the three-month period ended March 31, 2023 and 2022, and refer to Note 12(5) for the maturity analysis for lease liabilities as on March 31, 2023, December 31, 2022 and March 31, 2022.

(b) Income and costs relating to leasing activities

	For the three-month period ended March 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
The expense relating to short-term leases (rent expenses)	\$(10,911)	\$(37,373)
The expense relating to leases of low- value assets (Not including the expense relating to short-term leases of low- value assets)	(337)	(463)
Income from subleasing right-of-use assets	197	-

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

For the three-month periods ended March 31, 2023 and 2022, the Group recognized NT\$19 thousand and NT\$238 thousand, respectively, as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

(c) Cash outflow relating to leasing activities

During the three-month period ended March 31, 2023 and 2022, the Group's total cash outflow for leases amounting to NT\$46,702 thousand and NT\$51,991 thousand, respectively.

A. Group as a lessor

The Group has entered leases on plants. These leases have terms of between one and three years. These leases are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Lease income for operating leases		
Income relating to fixed lease payments	\$763	\$1,388

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

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Less than one year	\$392	\$392	\$392
More than one year but less than five years	1,439	1,537	1,831
Total	\$1,831	\$1,929	\$2,223

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

Function Nature	For the three-month period ended March 31, 2023 (NT\$'000)			For the three-month period ended March 31, 2022 (NT\$'000)		
	Cost of goods sold	Operating expense	Total	Cost of goods sold	Operating expense	Total
Employee benefit						
Salaries & wages	\$1,031,250	\$373,310	\$1,404,560	\$1,547,638	\$556,656	\$2,104,294
Labor and health insurance	104,417	30,101	134,518	96,530	20,796	117,326
Pension	35,393	14,972	50,365	35,657	11,504	47,161
Other employee benefit	57,496	25,541	83,037	66,566	21,675	88,241
Depreciation	1,167,782	130,127	1,297,909	1,020,590	96,969	1,117,559
Amortization	93	19,757	19,850	72	9,512	9,584

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

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

Based on profitability and following the rule of not lower than 10% and not higher than 1%, the Company incurred the employees' compensation and the remuneration to directors and supervisors, respectively, for the three-month period ended March 31, 2023 and recorded them as employee benefits. As such, employees' compensation and remuneration to directors and supervisors for the three-month period ended March 31, 2023 amounted to NT\$1,025 thousand and NT\$60 thousand, respectively. The employees' compensation and remuneration to directors and supervisors for the three-month period ended March 31, 2022 amount to NT\$264,035 thousand and NT\$15,402 thousand, respectively. The employees' compensation and remuneration to directors and supervisors were recognized as salaries.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$1,198,514 thousand and NT\$69,913 thousand, respectively, in a meeting held on February 13, 2023. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2022.

(25) Non-operating incomes and expenses

A. Interest incomes

	For the three-month period ended March 31,					
	2023			2022		
	(NT\$'000)			(NT\$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest income						
Financial assets						
measured at						
amortized cost	\$76,195	\$697	\$76,892	\$9,956	\$98	\$10,054

A. Other incomes

	For the three-month period ended March 31,					
	2023			2022		
	(NT\$'000)			(NT\$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Government grants	\$4,953	\$-	\$4,953	\$3,112	\$-	\$3,112
Other income – others	15,413	12,326	27,739	70,556	3,988	74,544
Total	\$20,366	\$12,326	\$32,692	\$73,668	\$3,988	\$77,656

B. Other gains and losses

	For the three-month period ended March 31,					
	2023			2022		
	(NT\$'000)			(NT\$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Gain (losses) from disposal of property, plant and equipment	\$1,763	\$-	\$1,763	\$45	\$19,958	\$20,003
Foreign exchange gain (loss), net	(18,353)	821	(17,532)	36,228	(3,711)	32,517
Net gain of financial assets at fair value through profit or loss	4,387	-	4,387	375	-	375
Impairment losses	(2,797)	-	(2,797)	(9,034)	-	(9,034)
Other losses	(12,415)	(8)	(12,423)	(2,042)	(16,559)	(18,601)
Total	\$(27,415)	\$813	\$(26,602)	\$25,572	\$(312)	\$25,260

C. Finance costs

	For the three-month period ended March 31,					
	2023			2022		
	(NT\$'000)			(NT\$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Interest on bank loans	\$52,147	\$15,524	\$67,671	\$22,195	\$4,567	\$26,762
Interests on lease liabilities	985	-	985	380	-	380
Total	\$53,132	\$15,524	\$68,656	\$22,575	\$4,567	\$27,142

(26) Components of other comprehensive income (OCI)

For the three-month period ended March 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>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	\$14,751	\$-	\$14,751	\$-	\$14,751
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(553)	-	(553)	-	(553)
Total OCI	\$14,198	\$-	\$14,198	\$-	\$14,198

For the three-month period ended March 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>To be reclassified to profit or loss in subsequent period:</u>					
Exchange differences					
arising on translation of foreign operations	\$105,954	\$-	\$105,954	\$-	\$105,954
Share of other					
comprehensive income of associates and joint ventures accounted for using the equity method	1,504	-	1,504	-	1,504
Total OCI	<u>\$107,458</u>	<u>\$-</u>	<u>\$107,458</u>	<u>\$-</u>	<u>\$107,458</u>

(27)Income tax

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

Income tax expense (benefit) recognized in profit or loss

	For the three-month period ended March 31,					
	2023			2022		
	(NT\$'000)			(NT\$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Current income tax expense (benefit):						
Current income tax expense	\$57,532	\$-	\$57,532	\$487,952	\$-	\$487,952
Adjustments in respect of current income tax of prior periods	812	-	812	198	-	198
Deferred tax expense (benefit):						
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	1,252	-	1,252	2,365	-	2,365
Total income tax expense	<u>\$59,596</u>	<u>\$-</u>	<u>\$59,596</u>	<u>\$490,515</u>	<u>\$-</u>	<u>\$490,515</u>

B. The assessment of income tax return

As of March 31, 2023, the assessment status of income tax returns of the Company and subsidiaries was as follows:

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

(28)Earnings per share

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

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

A. Basic earnings per share

	For the three-month period ended March 31,					
	2023			2022		
	(NT\$'000)			(NT\$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net income attributable to common shareholders of the parent (in NT\$'000)	\$42,765	\$(34,751)	\$8,014	\$1,588,997	\$(59,593)	\$1,529,404
Weighted average number of common shares outstanding (in thousand shares)	451,511	451,511	451,511	450,844	450,844	450,844
Basic earnings per share (in NT\$)	\$0.09	\$(0.07)	\$0.02	\$3.52	\$(0.13)	\$3.39

B. Diluted earnings per share

	For the three-month period ended March 31,					
	2023			2022		
	(NT\$'000)			(NT\$'000)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net income attributable to common shareholders of the parent (NT\$'000)	\$42,765	\$(34,751)	\$8,014	\$1,588,997	\$(59,593)	\$1,529,404
Net income attributable to common shareholders of the parent after dilution (NT\$'000)	\$42,765	\$(34,751)	\$8,014	\$1,588,997	\$(59,593)	\$1,529,404
Weighted average number of common shares outstanding (in thousand shares)	451,511	451,511	451,511	450,844	450,844	450,844
Effect of dilution:						
Employee bonus (compensation) – stock (in thousand shares)	5,589	5,589	5,589	2,738	2,738	2,738
Restricted stocks (in thousand shares)	19	19	19	-	-	-
Weighted average number of common shares outstanding after dilution (in thousand shares)	457,119	457,119	457,119	453,582	453,582	453,582
Diluted earnings per share (in NT\$)	\$0.09	\$(0.07)	\$0.02	\$3.50	\$(0.13)	\$3.37

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

(29) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

Name	Country	As of		
		3/31/2023	12/31/2022	3/31/2022
PIOTEK HOLDINGS LTD. and its subsidiary	China	49.00%	49.00%	49.00%
Pegavision Corporation and its subsidiary	Taiwan	69.67%	69.67%	69.67%

Accumulated balances of material non-controlling interest:

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
PIOTEK HOLDINGS LTD. and its subsidiary	<u>\$(74,915)</u>	<u>\$(41,842)</u>	<u>\$18,585</u>
Pegavision Corporation and its subsidiary	<u>\$4,290,061</u>	<u>\$4,536,035</u>	<u>\$3,683,866</u>

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

	For the three-month period ended March 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
PIOTEK HOLDINGS LTD. and its subsidiary	<u>\$(33,409)</u>	<u>\$(57,897)</u>
Pegavision Corporation and its subsidiary	<u>\$242,299</u>	<u>\$249,620</u>

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized PIOTEK HOLDINGS LTD. and its subsidiary information of profit or loss is as follows:

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Operating revenue	\$(396)	\$465,340
Profit/loss from continuing operation	(68,395)	(118,162)
Total comprehensive income for the period	(67,533)	(116,099)

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

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Operating revenue	\$1,459,658	\$1,488,385
Profit/loss from continuing operation	344,949	358,812
Total comprehensive income for the period	344,094	365,229

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

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Current assets	\$161,820	\$318,326	\$1,273,413
Non-current assets	719,782	756,481	954,987
Current liabilities	98,329	126,557	985,702
Non-current liabilities	936,170	1,033,614	1,204,741

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

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Current assets	\$4,414,466	\$3,970,829	\$3,535,202
Non-current assets	5,521,947	5,590,768	5,347,944
Current liabilities	3,305,690	2,441,504	3,322,310
Non-current liabilities	500,897	634,361	282,180

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

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Operating activities	\$6,480	\$(235,683)
Investing activities	(12)	2,794
Financing activities	(128,662)	338,606
Net increase/(decrease) in cash and cash equivalents	(114,714)	76,739

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

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Operating activities	\$(332,008)	\$468,660
Investing activities	(625,804)	(529,492)
Financing activities	120,528	203,789
Net increase/(decrease) in cash and cash equivalents	(838,660)	149,844

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
FuYang Technology Corp.	Associate
ASFLY TRAVEL SERVICE LTD.	Other related parties
AzureWave Technologies, Inc	Other related parties
AzureWave Technologies (Shanghai) Inc.	Other related parties
ASROCK RACK INCORPORATION	Other related parties
Maintek Computer (Suzhou) Co., Ltd	Other related parties
GNDC Co., Ltd.	Other related parties
DIGITEK (CHONGQING) LIMITED	Other related parties
COTEK ELECTRONICS(SUZHOU) CO., LTD.	Other related parties
ASIAROCK TECHNOLOGY LIMITED	Other related parties
PEGATRON JAPAN INC	Other related parties
PEGATRON CZECH S.R.O	Other related parties

(2) Significant transactions with related parties

A. Sales

<u>Related parties</u>	<u>For the three-month period ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>(NT\$'000)</u>	<u>(NT\$'000)</u>
Parent company	\$-	\$69
Other related parties	21	15,802
Total	<u>\$21</u>	<u>\$15,871</u>

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

B. Lease-related parties

(a) Right-of-use asset

Related parties	Nature	As of		
		3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Parent company	Buildings	\$239,688	\$264,484	\$-
Other related parties	Buildings	130	331	938
Total		<u>\$239,818</u>	<u>\$264,815</u>	<u>\$938</u>

(b) Lease liabilities

Related parties	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Parent company	\$240,998	\$265,533	\$-
Other related parties	131	333	940
Total	<u>\$241,129</u>	<u>\$265,866</u>	<u>\$940</u>

(c) Lease payment (Rental expense)

Related parties	Nature of lease	For the three-month period ended March 31,	
		2023 (NT\$'000)	2022 (NT\$'000)
Parent company	Buildings	<u>\$94</u>	<u>\$25,212</u>

(d) Interest expense

Related parties	For the three-month period ended March 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
Parent company	\$745	\$-
Other related parties	-	2
Total	<u>\$745</u>	<u>\$2</u>

C. For the three-month periods ended March 31, 2023 and 2022, the Group recognized operating expenses of NT\$1,139 thousand and NT\$64 thousand, respectively, for services provided by other related parties.

Moreover, for the three-month periods ended March 31, 2022, the Group recognized operating expenses of NT\$83 thousand (tax included) for services provided by the Parent.

In addition, for the three-month periods ended March 31, 2023 and 2022, the Group incurred operating expenses of NT\$32,621 thousand and NT\$34,278 thousand (tax included), respectively, for utility bills paid by the Parent on behalf of the Group.

D. For the three-month periods ended March 31, 2022, the Group recognized rent income of NT\$175 thousand for plants leased to other related parties.

E. For the three-month periods ended March 31, 2022, the Group recognized expense of NT\$1,071 thousand for services provided by other related parties.

F. Accounts receivable - related parties

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Parent company	\$-	\$359	\$108
Other related parties	1,470	2,565	21,050
Total	1,470	2,924	21,158
Less: allowance for doubtful accounts	-	-	-
Net	\$1,470	\$2,924	\$21,158

G. Other receivables

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Other related parties	\$-	\$-	\$189

H. Prepaid expenses

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Parent company	\$10,614	\$3,166	\$-
Other related parties	718	2,302	-
Total	<u>\$11,332</u>	<u>\$5,468</u>	<u>\$-</u>

I. Refundable deposits

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Parent company	\$10,000	\$10,000	\$10,000
Other related parties	359	357	365
Total	<u>\$10,359</u>	<u>\$10,357</u>	<u>\$10,365</u>

J. Other payables

	As of		
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)
Parent company	\$35,059	\$27,379	\$30,935
Other related parties	115,386	168,638	-
Total	<u>\$150,445</u>	<u>\$196,017</u>	<u>\$30,935</u>

K. Property transaction with related party

(a) Acquisition of Assets

Variety	Related parties	Acquisition Price	Reference basis for price decision
<u>2023.01.01~2023.03.31</u>			
Machinery	Parent company	<u>\$5,462</u>	By Bidding
Machinery	Other related parties	<u>\$123,757</u>	By Bidding

L. Salaries and rewards to key management of the Group

	For the three-month period ended March 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
Short-term employee benefits	\$18,605	\$19,914
Post-employee benefits	243	243
Total	\$18,848	\$20,157

8. ASSETS PLEDGED AS COLLATERALS

The following assets of the Group are pledged as collaterals:

Item	Carrying Amount As of			Purpose
	3/31/2023 (NT\$'000)	12/31/2022 (NT\$'000)	3/31/2022 (NT\$'000)	
Property, plant and equipment – Land (carrying amount)	\$196,960	\$196,960	\$-	Long-term secured loans
Property, plant and equipment – Buildings (carrying amount)	123,477	124,544	41,059	Long-term secured loans
Refundable deposits	2,000	2,000	2,000	Security deposit to custom authority
Refundable deposits	-	-	2,535	Litigation deposit
Total	\$322,437	\$323,504	\$45,594	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

Currency	LC Amount (in thousand)		Security (in thousand)
JPY	JPY	\$9,904,453	\$-
USD	USD	12,937	-

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

Nature of Contract	Contract Amount (NT\$'000)	Amount Paid (NT\$'000)	Outstanding Balance (NT\$'000)
Machinery and construction contracts	\$19,971,689	\$12,256,195	\$7,715,494

Amount paid above was recognized as construction in progress, equipment awaiting inspection and prepayment for acquiring machinery.

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

- (1) In accordance with a resolution proposed by Board in a meeting held on February 15, 2022 and approved by Shareholders in the annual general meeting held on May 27, 2022, the Company shall execute 2022 restricted stocks plan in total volume of 5,400,000 shares. The issuance is approved by Financial Supervisory Commission ("FSC") on June 23, 2022 in an FSC's letter numbered 1110347163.

The Board meeting on April 28, 2023 resolves to issue 456,000 restricted shares at unit share price of NT\$85.6 with the record date of issuance on May 19, 2023.

- (2) Subsidiary Piotek Computer (Suzhou) Co., Ltd was approved by the board of directors to increase the capital by cash. On April 28, 2023, the board of directors resolved the details of subsequent related operations are authorized to the chairman within the range of the capital increase of USD 50,000 thousand.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Financial assets at fair value through profit or loss:			
Mandatorily measured at fair value through P/L	\$1,911,938	\$1,218,551	\$688,455
Financial assets at fair value through OCI	51,000	51,000	51,000
Financial assets measured at amortized cost:			
Cash and petty cash	15,692,571	16,684,198	15,057,640
Time deposit	546,057	20,057	20,057
Accounts receivable	4,093,144	5,049,805	6,062,134
Other receivables	619,488	606,035	691,423
Total	<u>\$22,914,198</u>	<u>\$23,629,646</u>	<u>\$22,570,709</u>

Financial liabilities

	As of		
	3/31/2023	12/31/2022	3/31/2022
	(NT\$'000)	(NT\$'000)	(NT\$'000)
Financial liabilities at amortized cost:			
Short-term borrowings	\$605,071	\$376,620	\$1,621,320
Trade and other payables	11,600,653	10,797,942	12,319,109
Long-term borrowings (including current portion with maturity less than 1 year)	13,544,606	12,075,501	9,741,727
Lease liabilities (including current portion with maturity less than 1 year)	332,365	363,360	154,574
Total	<u>\$26,082,695</u>	<u>\$23,613,423</u>	<u>\$23,836,730</u>

(2) Objectives and policies of financial risk management

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

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

(3) Market risk

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

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

Foreign currency risk

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

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

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

If NT dollars appreciates/depreciates against US dollars by 1%, net income (loss) for the three-month periods ended March 31, 2023 and 2022 would increase/decrease by NT\$107,732 thousand and NT\$31,383 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the three-month periods ended March 31, 2023 and 2022 would decrease/increase by NT\$10,637 thousand and decrease/increase by NT\$5,889 thousand, respectively.

(4) Credit risk management

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

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

As of March 31, 2023, December 31, 2022 and March 31, 2022, receivables from the top ten customers were accounted for 56.01%, 48.77% and 50.01% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

Credit risk from balances with banks and other financial instruments is managed by the Group's finance division in accordance with the Group's policy. The counterparties that the Group transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Conclusively, no significant credit risk is expected by the Group.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each reporting date as to whether the credit risk still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

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

(5) Liquidity risk management

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

Non-derivative financial instruments

	Less than 1 year (NT\$'000)	1 to 2 years (NT\$'000)	2 to 3 years (NT\$'000)	3 to 4 years (NT\$'000)	4 to 5 years (NT\$'000)	More than 5 years (NT\$'000)	Total (NT\$'000)
<u>As of March 31, 2023</u>							
Loans	\$2,295,443	\$2,264,160	\$2,778,355	\$2,449,611	\$1,571,990	\$3,586,136	\$14,945,695
Payables	11,600,653	-	-	-	-	-	11,600,653
Lease liabilities	134,999	124,638	56,267	8,511	5,411	7,710	337,536
<u>As of December 31, 2022</u>							
Loans	\$1,917,562	\$1,946,233	\$2,419,057	\$2,352,841	\$1,285,669	\$3,359,078	\$13,280,440
Payables	10,797,942	-	-	-	-	-	10,797,942
Lease liabilities	135,582	125,779	83,335	9,905	6,088	8,775	369,464
<u>As of March 31, 2022</u>							
Loans	\$2,584,662	\$1,410,750	\$1,748,587	\$1,779,246	\$1,353,066	\$2,888,290	\$11,764,601
Payables	12,319,109	-	-	-	-	-	12,319,109
Lease liabilities	53,120	40,380	26,616	19,545	5,955	11,929	157,545

(6) Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the three-month period ended March 31, 2023:

	Short-term borrowings (NT\$'000)	Long-term borrowings (NT\$'000)	Refundable deposits (NT\$'000)	Leases liabilities (NT\$'000)	Total liabilities from financing activities (NT\$'000)
As of January 1, 2023	\$376,620	\$12,075,501	\$4,884,255	\$363,360	\$17,699,736
Cash flows	228,451	1,487,623	(65,987)	(35,454)	1,614,633
Non-cash changes					
Lease range changes	-	-	-	3,363	3,363
Interests on lease liabilities	-	-	-	985	985
Other	-	(9,740)	-	-	(9,740)
Currency rate change	-	(8,778)	-	111	(8,667)
As of March 31, 2023	\$605,071	\$13,544,606	\$4,818,268	\$332,365	\$19,300,310

Movement schedule of liabilities for the three-month period ended March 31, 2022:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Leases liabilities	Total liabilities from financing activities
	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
As of January 1, 2022	\$1,099,846	\$10,078,111	\$1,820,407	\$161,503	\$13,159,867
Cash flows	521,474	(377,287)	168,826	(14,155)	298,858
Non-cash changes					
Lease range changes	-	-	-	5,052	5,052
Interests on lease liabilities	-	-	-	380	380
Other	-	5,106	-	-	5,106
Currency rate change	-	35,797	-	1,794	37,591
As of March 31, 2022	<u>\$1,621,320</u>	<u>\$9,741,727</u>	<u>\$1,989,233</u>	<u>\$154,574</u>	<u>\$13,506,854</u>

(7) Fair values of financial instruments

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

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

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

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

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

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of March 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	\$1,911,938	\$-	\$-	\$1,911,938
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000
<u>Financial liabilities:</u>				
None				

As of December 31, 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	\$1,218,551	\$-	\$-	\$1,218,551
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000

Financial liabilities:

None

As of March 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	\$688,455	\$-	\$-	\$688,455
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000

Financial liabilities:

None

Transfers between Level 1 and Level 2 during the period

For the three-month period ended March 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value hierarchy.

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

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Assets
	Financial assets at fair value through other comprehensive income
	Stocks
Beginning balances as of January 1, 2023	\$51,000
Total gains and losses recognized for the three-month period ended March 31, 2023:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-
Ending balances as of March 31, 2023	\$51,000
	Assets
	Financial assets at fair value through other comprehensive income
	Stocks
Beginning balances as of January 1, 2022	\$51,000
Total gains and losses recognized for the three-month period ended March 31, 2022:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income”)	-
Ending balances as of March 31, 2022	\$51,000

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of March 31, 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets at fair value through other comprehensive income					
Stocks	Comparable listed OTC companies law	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	5% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by NT\$2,295 thousand

As of December 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets at fair value through other comprehensive income					
Stocks	Comparable listed OTC companies law	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	5% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by NT\$2,295 thousand

As of March 31, 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets at fair value through other comprehensive income					
Stocks	Comparable listed OTC companies law	Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value of the stocks	5% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's equity by NT\$2,295 thousand

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

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

	As of					
	3/31/2023			12/31/2022		
	Foreign Currencies (\$'000)	Exchange Rate	NTD (NT\$'000)	Foreign Currencies (\$'000)	Exchange Rate	NTD (NT\$'000)
<u>Financial assets</u>						
Monetary items:						
USD	\$427,894	30.4478	\$13,028,436	\$358,240	30.718	\$11,004,250
CNY	\$219,185	4.4314	\$971,303	\$331,722	4.411	\$1,463,064
<u>Financial liabilities</u>						
Monetary items:						
USD	\$74,061	30.4515	\$2,255,272	\$74,920	30.717	\$2,301,343
CNY	\$68,309	4.4314	\$302,705	\$111,912	4.411	\$493,590

	As of		
	3/31/2022		
	Foreign	Exchange	NTD
	Currencies	Rate	
	(\$'000)		(NT\$'000)
<u>Financial assets</u>			
Monetary items:			
USD	\$242,627	28.6219	\$6,944,443
CNY	\$256,612	4.5092	\$1,157,103
<u>Financial liabilities</u>			
Monetary items:			
USD	\$132,965	28.6250	\$3,806,113
CNY	\$207,329	4.5092	\$934,878

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 three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
USD	\$(23,959)	\$27,986
Other	6,427	4,531

(10) Capital management

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

(11) Discontinued operations

Piotek Computer (Suzhou) Co., Ltd., a subsidiary of the Group, ceased production and operation in 2022, which met the definition of discontinued operations. Therefore, the cash-generating unit was expressed as discontinued operations. The relevant profit and loss of Piotek Computer (Suzhou) Co., Ltd. will be re-expressed rather than retrospectively adjusted.

The operating results and cash inflows (outflows) of the discontinued operations are as follows:

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Income (loss) from discontinued operation:		
Operating revenue	\$(416)	\$463,778
Operating costs	-	(523,834)
Gross loss	(416)	(60,056)
Operating expenses		
Sales and marketing	(75)	(9,718)
General and administrative	(47,789)	(28,835)
Research and development	(408)	(17,280)
Expected credit gains (losses)	(17,764)	(168)
Total operating expenses	(66,036)	(56,001)
Operating loss	(66,452)	(116,057)
Non-operating income and expenses		
Interest income	697	98
Other income	12,326	3,988
Other gains or losses	813	(312)
Finance costs	(15,524)	(4,567)
Total non-operating income and expenses	(1,688)	(793)
Loss from discontinued operations before tax	(68,140)	(116,850)
Income tax expense	-	-
Loss from discontinued operations	\$(68,140)	\$(116,850)

	For the three-month period ended March 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Net cash flows from (used in)		
operating activities	6,890	(246,134)
Net cash flows from (used in)		
investing activities	(45)	2,773
Net cash flows from (used in)		
financing activities	(128,675)	338,597
Net increase (decrease) in cash		
and cash equivalents	(114,230)	64,637

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 March 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 three-month period ended March 31, 2023: None.

E. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 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 three-month period ended March 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 three-month period ended March 31, 2023: Please refer to attachment 3.

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

I. Derivative instrument transactions: None.

J. Intercompany relationships and significant intercompany transactions for the three-month period ended March 31, 2023: Please refer to attachment 9.

(2) Information on investees

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 4.

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 March 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 5.

(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 three-month period ended March 31, 2023: Please refer to attachment 6.

(e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 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 three-month period ended March 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 three-month period ended March 31, 2023: Please refer to attachment 7.

(h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2023: Please refer to attachment 8.

(i) Derivative instrument transactions: None.

(3) Information on investments in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of Investee in China	Main Business	Paid-in Capital (NT\$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (NT\$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 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 Mar. 31, 2023 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Mar. 31, 2023 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Mar. 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)	\$2,131,605 (Note 2)	(2)	\$2,131,605 (Note 2)	\$-	\$-	\$2,131,605 (Note 2)	\$(32,371) (Note 2 and Note 4)	100%	\$(32,371) (Note 2, Note 4 and Note 10)	\$3,283,621 (Note 2, Note 4 and Note 10)	\$-	\$2,131,605 (Note 2)	\$2,131,605 (Note 2)	No upper limit (Note 5)

Kinsus Interconnect Technology Corp.

Notes to Consolidated 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 Jan. 1, 2023 (NT\$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 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 Mar. 31, 2023 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Mar. 31, 2023 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Mar. 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	\$5,076,265 (Note 2)	(2)	\$2,870,176 (Note 2)	\$-	\$-	\$2,870,176 (Note 2)	\$(68,328) (Note 2 and Note 4)	51%	\$(34,847) (Note 2, Note 4 and Note 10)	\$(111,596) (Note 2, Note 4 and Note 10)	\$-	\$2,870,176 (Note 2)	\$2,870,176 (Note 2)	No upper limit (Note 5)

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Kinsus Interconnect Technology Corp.

Notes to Consolidated 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 Jan. 1, 2023 (NT\$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 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 Mar. 31, 2023 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Mar. 31, 2023 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Mar. 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	\$85,620 (USD 3,000)	(1)	\$85,620	\$-	\$-	\$85,620	\$(1,037) (Note 2 and Note 4)	30.33%	\$(314) (Note 2, Note 4 and Note 10)	\$23,772 (Note 2, Note 4 and Note 10)	\$-	\$85,620	\$85,620	\$3,677,896 (Note 6)
BeautyTech Platform (Shanghai) Corporation	Selling medical equipment and cosmetic products	\$14,885 (USD 500)	(3) (Note 3)	\$14,885	\$-	\$-	\$14,885	\$486 (Note 2 and Note 4)	30.33%	\$125 (Note 2, Note 4 and Note 10)	\$7,704 (Note 2, Note 4 and Note 10)	\$-	\$14,885	\$14,885	\$182,901 (Note 9)
Pegavision Contact Lenses (Shanghai) Corporation	Selling medical equipment	\$112,559 (USD 3,600)	(3) (Note 7)	\$112,559	\$-	\$-	\$112,559	\$12,106 (Note 2 and Note 4)	30.33%	\$3,121 (Note 2, Note 4 and Note 10)	\$27,247 (Note 2, Note 4 and Note 10)	\$-	\$95,043	\$95,043	

Kinsus Interconnect Technology Corp.

Notes to Consolidated 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 Jan. 1, 2023 (NT\$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Mar. 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 Mar. 31, 2023 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Mar. 31, 2023 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Mar. 31, 2023 (NT\$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT\$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT\$'000)
					Outflow (NT\$'000)	Inflow (NT\$'000)									
Gemvision Technology (Zhejiang) Limited	Selling medical equipment	\$97,491 (RMB 22,000) (Note 2)	(3) (Note 8)	\$-	\$-	\$-	\$-	\$12,322 (Note 2 and Note 4)	30.33%	\$3,177 (Note 2, Note 4 and Note 10)	\$24,355 (Note 2, Note 4 and Note 10)	\$-	\$-	\$-	\$182,901 (Note 9)

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

- (1) Go directly to the mainland for investment.
- (2) Reinvest in mainland China through a third-region company.
- (3) Other methods.

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

Note 3: 100% Shares of BeautyTech Platform (Shanghai) owned and directly invested by BeautyTech Platform Corporation.

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

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

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

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

Note 8: 100% Shares of Gemvision Technology owned 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 reviewed by independent auditors of BeautyTech Platform Corporation.

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

B. Significant transactions with investees in China:

- (a) Purchase and balances of related accounts payable as of March 31, 2023: Please refer to attachment 9 for details.
- (b) Sale and balance of related accounts receivable as of March 31, 2023: Please refer to attachment 9 for details.
- (c) Property transaction amounts and resulting gain or loss:

Variety	Related parties	Carrying Value	Price	Gain on disposal	Reference basis for price decision
Machinery	Kinsus Interconnect Technology Suzhou Corp	<u>\$266,666</u>	<u>\$329,617</u>	<u>\$62,951</u> (Note)	Negotiated price

Note: For the year ended December 31, 2019, the Company wrote off NT\$38,556 thousand due to the unrealized gain on disposal of property, plant and equipment. As of March 31, 2023, unrealized gain on disposal of property, plant and equipment is NT\$1,117 thousand, that recongnized as the credit balance of investments accounted for using the equity method.

For the year ended December 31, 2021, the Company wrote off NT\$16,617 thousand due to the unrealized gain on disposal of property, plant and equipment. As of March 31, 2023, unrealized gain on disposal of property, plant and equipment is NT\$4,116 thousand, and recongnized as the credit balance of investments accounted for using the equity method.

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 March 31, 2023, unrealized gain on disposal of property, plant and equipment is NT\$7,778 thousand, and recongnized as the credit balance of investments accounted for using the equity method.

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

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

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 9 for details.

(g) Above transactions are eliminated upon preparation of consolidated financial statements. Please refer to attachment 9 for details.

(4) Information on major shareholders:

Ownership of shares Name	Number of shares held (shares)	Ownership ratio
Asus Investment Co., Ltd.	60,128,417	13.27%
Asustek Investment Co., Ltd.	58,233,091	12.86%
Asuspower Investment	55,556,221	12.27%

14. OPERATING SEGMENT

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

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

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

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

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

The Group's subsidiary Piotek Computer (Suzhou) Co., Ltd. ceased production and operation in 2022, so it is listed under the item of discontinued business units. Please refer to Note 12(11) for details.

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

For the three-month period ended March 31, 2023

	Continuing operations			Discontinued		Consolidated
	IC Substrate (NT\$'000)	Optics (NT\$'000)	PCB (NT\$'000)	Operations (NT\$'000)	Elimination (NT\$'000)	
External customer	\$5,375,086	\$1,459,658	\$-	\$(416)	\$-	\$6,834,328
Inter-segment	-	-	-	-	-	-
Total revenue	\$5,375,086	\$1,459,658	\$-	\$(416)	\$-	\$6,834,328
Segment income (loss)	\$(59,863)	\$344,949	\$(42)	\$(68,140)	\$-	\$216,904

For the three-month period ended March 31, 2022

	Continuing operations			Discontinued		Consolidated
	IC Substrate (NT\$'000)	Optics (NT\$'000)	PCB (NT\$'000)	Operations (NT\$'000)	Elimination (NT\$'000)	
External customer	\$8,060,537	\$1,488,385	\$1,559	\$463,778	\$-	\$10,014,259
Inter-segment	-	-	-	-	-	-
Total revenue	\$8,060,537	\$1,488,385	\$1,559	\$463,778	\$-	\$10,014,259
Segment income (loss)	\$1,482,213	\$358,811	\$(3,047)	\$(116,850)	\$-	\$1,721,127

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

	Continuing operations			Discontinued		Consolidated
	IC Substrate (NT\$'000)	Optics (NT\$'000)	PCB (NT\$'000)	Operations (NT\$'000)	Elimination (NT\$'000)	
<u>Segment assets</u>						
As of 03/31/2023	\$62,533,527	\$9,936,413	\$66,055	\$815,555	\$-	\$73,351,550
As of 12/31/2022	\$61,997,159	\$9,561,597	\$66,561	\$1,008,099	\$-	\$72,633,416
As of 03/31/2022	\$49,487,685	\$8,883,146	\$139,802	\$2,147,784	\$-	\$60,658,417

	Continuing operations			Discontinued		Consolidated
	IC Substrate	Optics	PCB	Operations	Elimination	
<u>Segment liabilities</u>	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)	(NT\$'000)
As of 03/31/2023	\$32,966,400	\$3,594,249	\$129	\$1,034,370	\$-	\$37,595,148
As of 12/31/2022	\$29,581,465	\$3,075,865	\$151	\$1,160,042	\$-	\$33,817,523
As of 03/31/2022	\$22,669,518	\$3,424,004	\$6,557	\$2,183,966	\$-	\$28,284,045

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Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the three-month period ended March 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: The endorsement and guaranteed amount of the Company and the consolidated subsidiary is NT\$140,746 thousand.

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Kinsus Interconnect Technology Corp. and Subsidiaries

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

As of March 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 March 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	-%	\$272,956	
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss	17,776,549	255,443	-%	268,659	
	Subtotal				512,952		\$541,615	
	Add: Valuation adjustments of financial assets at fair value through profit or loss				28,663			
	Total				\$541,615			

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

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

For the three-month period ended March 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

(in Thousands of New Taiwan Dollar)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/ Accounts Payable or Receivable		Notes
			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	\$306,970	18.12%	Payment within 60 days from the end of delivery month	Specs of goods purchased are different from others. Cannot be reasonably compared.	Other vendors also enjoy payment within 30~90 days from the end of delivery month	Accounts payable \$(244,233)	15.41%	Notes

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)
As of March 31, 2023

Attachment 4

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Business Location	Main Business and Product	Original Investment Amount		Ending balance			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of Dec. 31, 2022	As of Mar. 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%	<u>\$71,963</u>	<u>\$872</u>	<u>\$872</u>	Note
Kinsus Interconnect Technology Corp.	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investing activities	USD 164,309	USD 164,309	164,308,720	100.00%	<u>\$3,192,441</u>	<u>\$(67,055)</u>	<u>\$(53,722)</u> (Note 3)	Note
Kinsus Interconnect Technology Corp.	Kinsus Investment Co., Ltd.	Taiwan	Investing activities	\$1,600,000 (Note 1)	\$1,600,000 (Note 1)	160,000,000	100.00%	<u>\$2,947,483</u>	<u>\$106,879</u>	<u>\$106,879</u>	Note
Kinsus Investment Co., Ltd.	Pegavision Corporation	Taiwan	Manufacturing medical equipment	\$252,455 (Note 2)	\$252,455 (Note 2)	21,233,736	30.33%	<u>\$1,839,766</u>	<u>\$338,400</u>	<u>\$102,650</u>	Note
Kinsus Investment Co., Ltd.	FuYang Technology Corp.	Taiwan	Electronic Parts and Components Manufacturing	\$929,422	\$929,422	64,176,872	35.65%	<u>\$384,072</u>	<u>\$9,823</u>	<u>\$3,502</u>	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investing activities	USD 70,000	USD 70,000	70,000,000	100.00%	<u>USD 107,831</u>	<u>USD (1,063)</u>	<u>USD (1,063)</u>	Note
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Cayman Islands	Investing activities	USD 94,309	USD 94,309	95,755,000	51.00%	<u>USD (2,561)</u>	<u>USD (2,245)</u>	<u>USD (1,145)</u>	Note
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	British Virgin Islands	Investing activities	USD 139,841	USD 139,841	139,840,790	100.00%	<u>USD (5,021)</u>	<u>USD (2,245)</u>	<u>USD (2,245)</u>	Note
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	Hong Kong	Trading activities	USD 26	USD 26	200,000	100.00%	<u>USD 2,165</u>	<u>USD (1)</u>	<u>USD (1)</u>	Note
Pegavision Corporation	Pagavision Japan Inc.	Japan	Selling Medical equipment	JPY 9,900	JPY 9,900	198	100.00%	<u>\$102,293</u>	<u>\$9,678</u>	<u>\$9,678</u>	Note
Pegavision Corporation	Mayin Investment Co., Ltd.	Taiwan	Investing activities	\$246,003	\$246,003	21,000,000	100.00%	<u>\$419,513</u>	<u>\$35,560</u>	<u>\$35,560</u>	Note
Mayin Investment Co., Ltd.	BeautyTech Platform Corporation	Taiwan	Selling medical equipment and cosmetic products	\$107,500	\$107,500	8,500,000	85.00%	<u>\$259,109</u>	<u>\$43,791</u>	<u>\$37,223</u>	Note
Mayin Investment Co., Ltd.	FacialBeau International Corporation	Taiwan	Selling medical equipment and cosmetic products	\$27,500	\$27,500	2,750,000	55.00%	<u>\$27,342</u>	<u>\$3,529</u>	<u>\$1,941</u>	Note
BeautyTech Platform Corporation	Beautytech Platform (Singapore) Pte. Ltd.	Singapore	Selling medical equipment and cosmetic products	USD 200	USD 200	200,000	100.00%	<u>\$6,238</u>	<u>\$8</u>	<u>\$8</u>	Note
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%	<u>\$6,639</u>	<u>\$(196)</u>	<u>\$(196)</u>	Note
FacialBeau International Corporation	RODNA Co., Ltd.	Korea	Selling medical equipment and cosmetic products	KRW 100,000	KRW 100,000	-	100.00%	<u>\$2,226</u>	<u>\$(22)</u>	<u>\$(22)</u>	Note
FacialBeau International Corporation	IKIDO Inc.	Japan	Selling medical equipment and cosmetic products	Not applicable	JPY 9,900	198	100.00%	<u>\$2,218</u>	<u>\$(47)</u>	<u>\$(47)</u>	Note

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

Note 1: The Company's original investment in Kinsus Investment Co., Ltd. was NT\$500,000 thousand. Kinsus Investment Co., Ltd. reduced capital by NT\$102,000 thousand to offset deficits in 2013, and increased capital by NT\$602,000 thousand and NT\$600,000 thousand in 2016 and 2017, respectively. After the increases, the Company's investment amount increased to NT\$1,600,000 thousand.

Note 2: Kinsus Investment Co., Ltd. invested Pegavision Corporation in cost of NT\$286,418 thousand.

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

Note 3: It includes the investment loss accounted for using equity method of NT\$67,055 thousand, realized benefits on upstream transactions of NT\$26,540 thousand and the unrealized benefits on upstream transactions of NT\$13,207 thousand.

Kinsus Interconnect Technology Corp. and Subsidiaries

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

As of March 31, 2023

Attachment 5

(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 March 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>\$12,001</u>	-	<u>\$-</u>	
Pegavision Corporation	Money market funds: Yuanta Wan-Tai Money Market Fund Yuanta De-Li Money Market Fund Mega Diamond Money Market Fund	- - -	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	35,328,728 32,948,876 9,390,455	543,692 546,521 120,000	-% -% -%	<u>\$1,212,056</u>	-	<u>\$-</u>	
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>\$5,015</u>	-	<u>\$-</u>	
BeautyTech Platform Corporation	Money market funds: Yuanta De-Li Money Market Fund Yuanta Wan-Tai Money Market Fund	- -	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	4,164,558 4,034,091	69,011 62,010	-% -%	<u>\$131,245</u>	-	<u>\$-</u>	
FacialBeau International Corporation	Money market funds: Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	641,696	10,000	-%	<u>\$10,006</u>	-	<u>\$-</u>	
	Valuation adjustments of financial assets held for trading				<u>2,775</u>					
	Total				<u>\$1,370,323</u>					
Kinsus Investment Co., Ltd.	Stocks: Ethos Original Co., Ltd. Li Chang Finery Inc Total	- - -	Measured at fair value through other comprehensive income Measured at fair value through other comprehensive income	5,000,000 32,653	\$50,000 1,000	7.49% 1.01%	<u>\$50,000</u> <u>1,000</u>	- -	<u>\$-</u> <u>-</u>	
					<u>\$51,000</u>		<u>\$51,000</u>		<u>\$-</u>	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

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

For the three-month period ended March 31, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
Pegavision Corporation	Money Market Funds:													
	Yuanta Wan-Tai Money Market Fund	Financial assets at fair value through profit or loss	-	-	17,190,427	\$264,000	34,372,508	\$529,000	16,234,207	\$250,000	\$249,308	\$692	35,328,728	\$543,692
	Yuanta De-Li Money Market Fund	Financial assets at fair value through profit or loss	-	-	18,482,095	\$306,000	24,704,233	\$410,000	10,237,452	\$170,000	\$169,479	\$521	32,948,876	\$546,521

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

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

For the three-month period ended March 31, 2023

Attachment 7

(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 10,227	66.91%	Payment within 60 days from the end of delivery month	Specs of goods sold are different from others. Cannot be reasonably compared.	No non-related parties to be compared with.	Accounts receivable USD 8,376	 69.53%	Note
Pegavision Corporation	Pegavision Japan Inc.	Also a subsidiary under the Company's control	Sales	\$615,540	47.47%	Payment within 90 days from the end of delivery month	Similar to those to third party customers.	Payment within 90 days from telegraphic transfer.	Accounts receivable \$574,183 Contract liability \$(441)	 50.23% 1.43%	Note Note

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

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

As of March 31, 2023

Attachment 8

(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 8,376</u> (Note and Note 1)	<u>4.97</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	<u>\$574,183</u> (Note and Note 1)	<u>5.41</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	BeautyTech Platform Corporation	Subsidiary	<u>\$130,485</u> (Note and Note 1)	<u>3.04</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note: Accounts receivable.

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Three-month Period Ended March 31, 2023

Attachment 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount (Note 4)	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
0	<u>2023.01.01~2023.03.31</u> Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	\$18,505	Payment within 60 days from the end of delivery month	0.03%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	\$244,233	Payment within 60 days from the end of delivery month	0.33%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	\$306,970	Payment within 60 days from the end of delivery month	4.49%
1	Pegavision Corporation	PEGAVISION JAPAN INC.	3	Sales revenue	\$615,540	Payment within 90 days from the end of delivery month	9.01%
1	Pegavision Corporation	PEGAVISION JAPAN INC.	3	Accounts receivable	\$574,183	Payment within 90 days from the end of delivery month	0.78%
1	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	\$41,330	Payment within 180 days from the end of delivery month	0.60%
1	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	\$71,226	Payment within 180 days from the end of delivery month	0.10%
1	Pegavision Corporation	BeautyTech Platform Corporation	3	Sales revenue	\$87,196	Payment within 120 days from the end of delivery month	1.28%
1	Pegavision Corporation	BeautyTech Platform Corporation	3	Accounts receivable	\$130,485	Payment within 120 days from the end of delivery month	0.18%
1	Pegavision Corporation	FacialBeau International Corporation	3	Sales revenue	\$21,554	Payment within 90 days from the end of delivery month	0.32%
1	Pegavision Corporation	FacialBeau International Corporation	3	Accounts receivable	\$22,645	Payment within 90 days from the end of delivery month	0.03%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	\$34,073	Payment within 30 days from the end of delivery month	0.50%

Note 1: Transaction information between Parent company and its subsidiaries should be disclosed by codes below:

(1) Parent company is coded "0".

(2) The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relationship are divided into the following three types and the types are required to be indicated:

(1) From the parent company to a subsidiary.

(2) From a subsidiary to the parent company.

(3) Between subsidiaries.

Note 3: Regarding the percentage of transaction amount to consolidated operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet items;

and based on interim accumulated amount to consolidated net revenue for income statement items.

Note 4: Transactions exceeding NT\$15,000 thousand have been disclosed. All the transactions have been eliminated when preparing the consolidated financial statements.