

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 DECEMBER 31, 2023 AND 2022**  
**And For The Years Then Ended**

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

**Consolidated Financial Statements  
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**MANAGEMENT REPRESENTATION LETTER**

The entities that are required to be included in the combined financial statements of Kinsus Interconnect Technology Corp. as of December 31, 2023 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kinsus Interconnect Technology Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Kinsus Interconnect Technology Corp.

By

Liao, Sih-Jheng

Chairman

January 29<sup>th</sup>, 2024

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**INDEPENDENT AUDITORS' REPORT**

To The Board of Directors of  
Kinsus Interconnect Technology Corp.

**Opinion**

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

In our opinion, based on our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

**Basis for Opinion**

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue in the amount of NT\$26,832,187 thousand for the year ended December 31, 2023 is a material account to the Company's consolidated financial statements. The Company has conducted these sale activities in multiple marketplaces, including Taiwan, China, USA, etc. Among these locations, the Company has established hub-warehouse for certain foreign customers' convenience. Furthermore, the timing of fulfilling performance obligation needs to be determined based on various sale terms and conditions with major clients. We therefore determined revenue recognition a key audit matter. Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition in the sales cycle, taking samples to perform test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of timing of revenue recognition from foreign warehouses with the timing of fulfilling performance obligation for sale agreement or orders, performing analytical review procedures on monthly sale revenues and the cut-off tests for a period before and after the balance sheet dates, etc. We have also considered the appropriateness of the revenue disclosure in Notes 4 and 6 to the consolidated financial statements.

### Market valuation on Inventory

The Company's inventory amounted to NT\$2,611,682 thousand as of December 31, 2023. As the application market of substrate, the Company's main products, is characterized by rapid development in technology and the trend of consumers' preference, management, in timely considering the status of new products development and the demand from clients, has to evaluate the loss due to market value decline as well as write-down on slow-moving inventories to their net realizable value and the assessment of appropriateness of loss allowance of value decline and slow-moving inventory requires significant management judgement, we therefore determined inventory valuation one of the key audit matters.

Our audit procedures therefore include, but not limit to, evaluating the Company's policy with respect to assessment of the loss from slow-moving and obsolete inventory (including identification method, testing the accuracy of inventory aging schedule, analysis on inventory movement), performing observation on the Company's inventory physical-taking, and inspecting the current status of inventory usage, etc. We also assessed the adequacy of the inventory-related disclosures shown in the Notes 5 and 6 to the consolidated financial statements.

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

We did not audit the financial statements of invested associates accounted for using the equity method by the Group, which were audited by other independent auditors. The financial statements of certain invested associates, as of December 31, 2023 and 2022 and for the years then ended were audited by other independent auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for using the equity method amounting to NT\$438,318 thousand and NT\$381,123 thousand as of December 31, 2023 and 2022 representing 0.56% and 0.53% of the Company's consolidated total assets, the related shares of income before tax from the associate using the equity method for the years then ended amounting to NT\$ (12,843) thousand and NT\$53,319 thousand representing (0.90)% and 0.53% of the Company's consolidated income before tax, and the related shares of other comprehensive income from the associate using the equity method for the years then ended amounting to NT\$20,182 thousand and NT\$2,799 thousand representing (20.58)% and 2.72% of the consolidated other comprehensive income, are based solely on the audit reports of other auditors.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### **Other matters**

We have audited and expressed an unqualified opinion on the parent-company-only financial statements of the Company as of and for the years then ended December 31, 2023 and 2022.



/s/Chang, Chih Ming

/s/Chen, Kuo Shuai

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

Notice to Readers

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Balance Sheets-(Continued)

As of December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

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

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed In Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to Shareholders of the Parent								Non-controlling Interests	Total Equity
		Common Stock	Capital Surplus	Retained Earnings			Others		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	31XX	36XX	3XXX		
A1	Balance as of January 1, 2022	\$4,508,441	\$6,633,051	\$3,700,821	\$181,016	\$14,249,110	\$(203,107)	\$-	\$29,069,332	\$3,919,766	\$32,989,098
	Appropriation and distribution of 2021 earnings										
B1	Legal reserve			386,880		(386,880)			-		-
B3	Special reserve				22,092	(22,092)			-		-
B5	Cash dividends - ordinary shares					(2,028,798)			(2,028,798)		(2,028,798)
D1	Net income for 2022					6,976,792			6,976,792	956,678	7,933,470
D3	Other comprehensive income, net of tax, for 2022					42,519	55,169		97,688	5,186	102,874
D5	Total comprehensive income	-	-	-	-	7,019,311	55,169	-	7,074,480	961,864	8,036,344
H3	Reorganization		1,435			(1,645)			(210)	(5,554)	(5,764)
M5	Difference between consideration and carrying amount of subsidiaries acquire or disposed		(292)			(2,781)			(3,073)	10,130	7,057
N1	Share-based payments		498						498		498
O1	Non-controlling interests increase (decrease)								-	(392,013)	(392,013)
T1	Restricted employee stocks and others	19,270	226,134					(35,933)	209,471		209,471
Z1	Balance as of December 31, 2022	4,527,711	6,860,826	4,087,701	203,108	18,826,225	(147,938)	(35,933)	34,321,700	4,494,193	38,815,893
	Appropriation and distribution of 2022 earnings										
B1	Legal reserve			701,489		(701,489)			-		-
B3	Special reserve				(55,170)	55,170			-		-
B5	Cash dividends - ordinary shares					(2,943,012)			(2,943,012)		(2,943,012)
D1	Net income for 2023					47,516			47,516	1,122,886	1,170,402
D3	Other comprehensive income, net of tax, for 2023					(14,711)	(47,302)		(62,013)	(36,044)	(98,057)
D5	Total comprehensive income	-	-	-	-	32,805	(47,302)	-	(14,497)	1,086,842	1,072,345
M7	Changes in ownership interests in subsidiaries		133,512						133,512	(75,126)	58,386
O1	Non-controlling interests increase (decrease)								-	1,958,328	1,958,328
T1	Restricted employee stocks and others	16,520	158,735			611		21,320	197,186		197,186
Z1	Balance as of December 31, 2023	\$4,544,231	\$7,153,073	\$4,789,190	\$147,938	\$15,270,310	\$(195,240)	\$(14,613)	\$31,694,889	\$7,464,237	\$39,159,126

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Income before income tax	\$1,426,085	\$10,091,874	B00040	Acquisition of financial assets at amortized cost	(2,098,369)	-
A20000	Adjustments:			B01800	Acquisition of investments accounted for using equity method	(50,000)	-
A20010	Income and expense adjustments:			B02700	Acquisition of property, plant and equipment	(10,135,844)	(17,093,642)
A20100	Depreciation (including right-of-use assets)	5,282,179	5,038,962	B02800	Proceeds from disposal of property, plant and equipment	11,987	496,477
A20200	Amortization	69,274	68,116	B03800	Decrease in refundable deposits	10,691	2,990
A20300	Expected credit losses (gains)	17,540	23,441	B04500	Acquisition of intangible assets	(63,095)	(84,096)
A20400	Net gains of financial assets or liabilities at fair value through P/L	(22,871)	(3,773)	B05350	Acquisition of right-of-use assets	(161,852)	-
A20900	Interest expense	331,807	183,655	B09900	Proceeds from disposal of right-of-use assets	-	143,540
A21200	Interest income	(517,093)	(83,239)	BBBB	Net cash provided by (used in) investing activities	(12,486,482)	(16,534,731)
A21900	Cost of share-based payment	114,828	49,673	CCCC	Cash flows from financing activities:		
A22300	Share of profit or loss of associates and joint ventures	12,843	(53,319)	C00100	Increase in short-term loans	1,031,999	-
A22500	Loss (gain) on disposal of property, plant and equipment	(2,719)	(229,399)	C00200	Repayments of short-term loans	-	(723,226)
A23700	Impairment loss on non-financial assets	19,488	40,759	C01600	Increase in long-term loans	7,282,900	3,551,153
A29900	Gain on lease modification	(12)	(101,434)	C01700	Repayments of long-term loans	(2,271,492)	(1,648,515)
A29900	Gain on government grants	(22,976)	(14,574)	C03000	Increase in deposits received	269,716	3,063,848
A29900	Loss from fire	-	2,526	C04020	Cash payments for the principal portion of the lease liability	(141,084)	(117,882)
A30000	Changes in operating assets and liabilities:			C04500	Cash dividends paid	(3,438,175)	(2,443,311)
A31115	(Increase) decrease in financial assets at fair value through P/L	(1,952,802)	(598,698)	C04600	Proceeds from issuing shares	147,917	165,379
A31130	(Increase) decrease in notes receivable	6,440	(7,000)	C05800	Increase (decrease) in non-controlling interests	2,453,491	22,500
A31150	(Increase) decrease in accounts receivable	724,132	588,281	CCCC	Net cash provided by (used in) financing activities	5,335,272	1,869,946
A31160	(Increase) decrease in accounts receivable - related parties	2,557	23,387				
A31180	(Increase) decrease in other receivables	537,243	(187,330)	DDDD	Effect of exchange rate changes	(88,288)	56,000
A31190	(Increase) decrease in other receivables - related parties	-	367				
A31200	(Increase) decrease in inventories	869,261	(14,999)	EEEE	Increase (decrease) in cash and cash equivalents	(983,431)	1,352,171
A31230	(Increase) decrease in prepayments	(376,877)	(211,244)	E00100	Cash and cash equivalents at beginning of period	16,684,198	15,332,027
A31240	(Increase) decrease in other current assets	113,435	(8,767)	E00200	Cash and cash equivalents at end of period	\$15,700,767	\$16,684,198
A31990	(Increase) decrease in net defined benefit assets	(7,269)	-				
A32125	Increase (decrease) in contract liabilities	2,430,905	1,699,955				
A32130	Increase (decrease) in notes payable	22,923	(4,306)				
A32150	Increase (decrease) in accounts payable	(95,191)	(738,127)				
A32180	Increase (decrease) in other payables	(1,374,967)	1,134,532				
A32230	Increase (decrease) in other current liabilities	(13,124)	(29,392)				
A32240	Increase (decrease) in net defined benefit liabilities	-	(4,239)				
A32990	Increase (decrease) in refund liability	(293,094)	364,673				
A33000	Cash generated from (used in) operations	7,301,945	17,020,361				
A33100	Interest received	444,828	70,948				
A33300	Interest paid	(288,078)	(151,377)				
A33500	Income tax paid	(1,202,628)	(978,976)				
AAAA	Net cash provided by (used in) operating activities	6,256,067	15,960,956				

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

1. HISTORY AND ORGANIZATION

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

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

2. DATE AND PROCEDURE OF AUTHORIZATION FOR FINANCIAL STATEMENTS ISSUANCE

The consolidated financial statements of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting held on January 29, 2024.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

##### (2) Basis of preparation

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

##### (3) Basis of consolidation

###### Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) Exposure, or rights, to variable returns from its involvement with the investee, and
- (c) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee
- (b) Rights arising from other contractual arrangements
- (c) The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the NCIs even if this results in a deficit balance of the NCIs.

If the Company loses control of a subsidiary, it:

- (a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) Derecognizes the carrying amount of any non-controlling interest;
- (c) Recognizes the fair value of the consideration received;
- (d) Recognizes the fair value of any investment retained;
- (e) Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or directly transferred to retained earnings in accordance with other IFRS requirements; and
- (f) Recognizes the difference arise in profit or loss for the period.

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

The consolidated entities are listed as follows:

Investor	Subsidiary	Main business	Percentage of Ownership (%), As of December 31,	
			2023	2022
The Company	KINSUS CORP. (USA)	Designing substrates, formulating marketing strategy analysis, developing new customers, researching and development new product technology	100.00%	100.00%
The Company	KINSUS HOLDING (SAMOA) LIMITED	Investing activities	100.00%	100.00%
The Company	KINSUS INVESTMENT CO., LTD.	Investing activities	100.00%	100.00%
The Company	PEGAVISION CORPORATION	Manufacture of medical equipment	2.33% (Note)	Not applicable
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Investing activities	100.00%	100.00%
KINSUS HOLDING (SAMOA) LIMITED	PIOTEK HOLDINGS LTD. (CAYMAN)	Investing activities	51.00% (Note 3)	51.00%
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Manufacture of medical equipment	27.22% (Note)	30.33% (Note)

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

Investor	Subsidiary	Main business	Percentage of Ownership (%), As of December 31,	
			2023	2022
KINSUS HOLDING (CAYMAN) LIMITED	KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	Manufacturing and selling printed circuit board (PCB) (not high- density fine-line)	100.00%	100.00%
KINSUS HOLDING (CAYMAN) LIMITED	XIANG-SHOU (SUZHOU) TRADING LIMITED	Trading of PCB related products and materials (not high-density fine- line)	-% (Note 2)	-% (Note 2)
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Investing activities	100.00%	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	83.06% (Note 3)	100.00%
PIOTEK HOLDINGS LIMITED	PIOTEK (H.K.) TRADING LIMITED	Trading activities	100.00%	100.00%
KINSUS INTERCONNECT TECHNOLOGY SUZHOU CORP.	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	8.64% (Note 3)	Not applicable

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

Note: As of December 31, 2023 and 2022, the Group had 29.55% and 30.33% ownership of Pegavision Corporation, respectively. However the Group possesses control over the entity as it has been the single largest shareholder since the Group invested in Pegavision Corporation. The Group and the parent company hold more than 45% of voting right while the remaining equity is individually held by numerous shareholders without contractual rights. The Group therefore has control over the entity.

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

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

- (a) The equity of Pegavision Contact Lenses (Shanghai) Corporation was transferred to BeautyTech Platform Corporation from Pegavision Corporation.
- (b) BeautyTech Platform (Shanghai) Corporation which is 100% held by BeautyTech Platform Corporation was registered on January 24, 2022.
- (c) FacialBeau (Jiangsu) Corporation which is 100% held by FacialBeau International Corporation was registered on February 25, 2022. The investment amount has not been remitted as of December 31, 2023.

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

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

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

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are retranslated at the prevailing functional currency closing rate of exchange; non-monetary items measured at fair value in a foreign currency are retranslated using the exchange rates at the date when the fair value is determined; and non-monetary items measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising from the settlement or translation of monetary items are taken to profit or loss in the period in which they arise, except for the following:

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

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

(5) Foreign currency transactions and translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollars at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income under exchange differences on translation of foreign operations. On disposal of the foreign operation, cumulative amount of the exchange differences recognized in other comprehensive income under separate component of equity is reclassified from equity to profit or loss when recognizing the disposal gain/loss.

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

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

(6) Current and non-current distinction for assets and liabilities

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

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

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- A. The Group's business model for managing the financial assets and
- B. The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

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

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

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

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

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

(b) Impairment of financial assets

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

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

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

The loss allowance is measures as follows:

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

D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(c) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired.
- B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(d) Financial liabilities and equity

Classification between liabilities or equity

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

### Equity instruments

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

### Financial liabilities

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

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

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

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

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

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

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

#### Financial liabilities at amortized cost

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

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

#### Derecognition of financial liabilities

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

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

(e) Offsetting of financial instruments

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

(9) Fair value measurement

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

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

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

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

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

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

(10) Inventories

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

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

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

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

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

Rendering of services is accounted in accordance with IFRS 15 but not within the scoping of inventories.

(11) Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

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

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

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

Buildings	10 to 25 years
Machinery	2 to 10 years
Vehicle	2 to 6 years
Office equipment	2 to 6 years
Other equipment	1 to 25 years

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

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

### (13) Leases

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

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

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

#### Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

#### Group as a lessor

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

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

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

(14) Intangible assets

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

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

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

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

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

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

	<u>Cost of Computer Software</u>
Useful economic life	1 to 5 years
Amortization method	Straight-line method during the contract term
Internally generated or acquired externally	Acquired externally

(15) Impairment of non-financial assets

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

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

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

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

(16) Provisions

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

(17) Revenue recognition

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

Sale of goods

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

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

(18) Borrowing costs

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

(19) Government grants

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

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

(20) Post-employment benefits

All regular employees of Kinsus and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with Kinsus and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

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

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

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

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

(21) Share-based payment transactions

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

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

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

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

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

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

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

(22) Income tax

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

Current income tax

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

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

Deferred income tax

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

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

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

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

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

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

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

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

## 5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

### (1) Judgement

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

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

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

### (2) Estimates and assumptions

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

#### A. Fair value of financial instruments

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

B. Accounts receivables - estimation of impairment loss

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

C. Inventory

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

D. Post-employment benefits

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

E. Share-based payment transactions

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

F. Revenue recognition - sale returns and allowances

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

G. Income tax

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Cash and petty cash	\$5,234	\$4,580
Checks and savings	2,495,676	4,617,735
Time deposit	13,199,857	12,061,883
Total	<u>\$15,700,767</u>	<u>\$16,684,198</u>

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

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Mandatorily measured at fair value through profit or loss:		
Money market fund	\$3,155,872	\$1,190,266
Valuation adjustment	38,352	28,285
Total	<u>\$3,194,224</u>	<u>\$1,218,551</u>
Current	<u>\$3,194,224</u>	<u>\$1,218,551</u>
Non-current	<u>\$-</u>	<u>\$-</u>

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

(3) Financial assets measured at amortized cost

	As of December 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
Time deposit	\$2,118,426	\$20,057
Current	\$2,118,426	\$20,057
Non-current	\$-	\$-

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

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

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

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

(5) Notes receivable

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

Notes receivable were not pledged.

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

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

A. Accounts receivable, net

	As of December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Accounts receivable, gross	\$4,362,435	\$5,086,567
Less: loss allowances	(68,670)	(50,886)
Subtotal	4,293,765	5,035,681
Accounts receivable - related parties, gross	367	2,924
Less: loss allowances	-	-
Subtotal	367	2,924
Total accounts receivable, net	\$4,294,132	\$5,038,605

B. Accounts receivable were not pledged.

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

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

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

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

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

## (7) Inventories

## A. Details of inventory:

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

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

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

C. The inventories were not pledged.

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

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

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

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

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

B. Investments in associates

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

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

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

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

The Group's investment accounted for using equity method in Zhuhe Investment as of December 31, 2023 amounted to NT\$49,542 thousand while the related shares of investment income/loss and joint venture income accounted for using the equity method amounted to NT\$(458) thousand for the year ended December 31, 2023. And the related shares of other comprehensive income accounted for using the equity method amounted to NT\$0 for the year ended December 31, 2023. They were measured based on the audited financial statements of the investee for the same correspondent periods.

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

(9) Property, plant and equipment

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

A. Property, plant and equipment

	Land (NT\$'000)	Buildings (NT\$'000)	Machinery (NT\$'000)	Office Equipment (NT\$'000)	Vehicle (NT\$'000)	Other Equipment (NT\$'000)	Construction in progress and equipment awaiting inspection (including prepayment for property and equipment)	Total (NT\$'000)
							(NT\$'000)	
<b>Cost:</b>								
As of 1/1/2023	\$6,307,423	\$10,488,132	\$34,095,174	\$324,058	\$29,807	\$8,062,156	\$17,145,404	\$76,452,154
Addition	8,353	11,946	290	2,559	-	243,892	8,962,766	9,229,806
Disposals	-	(150,135)	(164,228)	(502)	-	(169,532)	-	(484,397)
Effect of exchange rate	-	(10,973)	(45,985)	(952)	(205)	(16,680)	(5,574)	(80,369)
Other changes	-	916,825	3,328,745	107,609	2,291	657,290	(5,012,760)	-
As of 12/31/2023	\$6,315,776	\$11,255,795	\$37,213,996	\$432,772	\$31,893	\$8,777,126	\$21,089,836	\$85,117,194
As of 1/1/2022	\$6,110,463	\$10,079,610	\$30,695,673	\$277,175	\$23,301	\$8,083,031	\$8,011,113	\$63,280,366
Addition	-	(2,483)	(3,586)	946	-	161,143	17,184,346	17,340,366
Disposals	-	-	(4,075,056)	(25,867)	-	(545,952)	-	(4,646,875)
Effect of exchange rate	-	188,716	313,610	2,115	181	52,492	5,818	562,932
Other changes	196,960	285,969	7,164,533	69,689	6,325	332,397	(8,055,873)	-
Loss from Fire	-	(63,680)	-	-	-	(20,955)	-	(84,635)
As of 12/31/2022	\$6,307,423	\$10,488,132	\$34,095,174	\$324,058	\$29,807	\$8,062,156	\$17,145,404	\$76,452,154

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

	Land	Buildings	Machinery	Office Equipment	Vehicle	Other Equipment	Construction in progress and equipment awaiting inspection (including prepayment for property and equipment)	Total
	(NTS'000)	(NTS'000)	(NTS'000)	(NTS'000)	(NTS'000)	(NTS'000)	(NTS'000)	(NTS'000)
<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	-	564,561	3,689,511	43,153	2,867	839,583	-	5,139,675
Impairment loss	-	7,595	-	-	-	11,893	-	19,488
Disposal	-	(150,135)	(154,960)	(502)	-	(169,532)	-	(475,129)
Effect of exchange rate	-	(6,070)	(42,541)	(856)	(187)	(15,327)	-	(64,981)
Other Changes	-	-	(804)	-	-	804	-	-
As of 12/31/2023	\$-	\$4,656,197	\$26,078,350	\$300,121	\$22,596	\$6,624,895	\$-	\$37,682,159
As of 1/1/2022	\$-	\$3,510,712	\$22,709,441	\$236,568	\$17,449	\$5,721,728	\$-	\$32,195,898
Depreciation	-	512,959	3,553,960	37,386	2,310	810,356	-	4,916,971
Impairment loss	-	9,798	-	1,145	-	28,127	-	39,070
Disposal	-	-	(3,973,378)	(18,596)	-	(544,834)	-	(4,536,808)
Effect of exchange rate	-	113,893	297,121	1,823	157	44,289	-	457,283
Other changes	-	97,087	-	-	-	(97,087)	-	-
Loss from Fire	-	(4,203)	-	-	-	(5,105)	-	(9,308)
As of 12/31/2022	\$-	\$4,240,246	\$22,587,144	\$258,326	\$19,916	\$5,957,474	\$-	\$33,063,106
<u>Net carrying amount:</u>								
As of 12/31/2023	\$6,315,776	\$6,599,598	\$11,135,646	\$132,651	\$9,297	\$2,152,231	\$21,089,836	\$47,435,035
As of 12/31/2022	\$6,307,423	\$6,247,886	\$11,508,030	\$65,732	\$9,891	\$2,104,682	\$17,145,404	\$43,389,048

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

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

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

- D. The Group recognized an impairment loss in the amount of NT\$19,488 thousand on certain real estate to an extent of the recoverable value of \$0 in 2023. The Group recognized an impairment loss amounting to NT\$39,070 thousand on certain real estate to an extent of the recoverable value in 2022. This impairment loss or gain from recovery has been recorded in the Group's statements of comprehensive incomes. The recoverable amount is measured at the value in use by the identified individual asset.
- E. Please refer to Note 8 for details on property, plant and equipment pledged as collaterals.
- F. The Company purchased 40 parcels of land with a total area of 36,115.24 square meters. Lands are located at the addresses of No. 1113, 1114, 1438 to 1443, 1479, 1486 to 1487 at ShiLeiZi Sub-section, ShiLeiZi Section, No. 1044, 1047 to 1049 at QingHua Section, and No. 0001 at RongHua Section, and No. 697 to 700 and 712 to 726 at DaPu Section, XinFeng Village. Due to regulatory restrictions, the agricultural land cannot be registered under the Company's name while it has been temporarily registered under the general manager's name and, to secure the Company's right to the land, mortgage registration has been created with the Company being the obligee.
- G. The Group leased a factory area to FuYang Technology Corp. where a fire occurred on October 11, 2020. For the year ended December 31, 2022, the Group recognized property, plant and equipment - loss from fire in the amount of NT\$75,327 thousand, and the loss caused by the subsequent restoration of the plant amounted to NT\$84,210 thousand. In 2022, the compensation of damage to buildings and equipment amounted to NT\$157,011 thousand, and the net loss from the abovementioned fire damage was NT\$2,526 thousand, which was booked under other profits and losses - loss from fire.

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

## (10) Intangible assets

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

Amounts of amortization recognized for intangible assets are as follows:

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

(11) Other non-current assets

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

(12) Short-term loans

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

(13) Other payable

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

(14) Other current liabilities

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

(15) Refund liability

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

## (16) Long-term loans

Details of long-term loans were as follows:

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

## (a) Borrowing and repayment

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

## (b) Collateral for bank loans

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

## (c) Government low-interest loan

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

(17) Other non-current liabilities

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

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

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

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

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

(18) Post-employment benefits

Defined contribution plan

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

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT\$189,365 thousand and NT\$194,934 thousand, respectively.

Pension expenses for the years ended December 31, 2023 and 2022 were NT\$12 thousand and NT\$1 thousand, respectively.

Defined benefits plan

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

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

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

Pension costs recognized in profit or loss were as follows.

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

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

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

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

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

	Present value of defined benefit obligation (NT\$'000)	Fair value of plan assets (NT\$'000)	Net defined benefit liability (asset) (NT\$'000)
1/1/2022	\$152,441	\$(136,182)	\$16,259
Current service cost	-	-	-
Interest cost (revenue)	1,250	(1,117)	133
Past service cost and settlement	-	-	-
Subtotal	1,250	(1,117)	133
Remeasurement of defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	8	-	8
Actuarial gain/loss due to change in financial assumptions	(12,176)	-	(12,176)
Experience gain/loss	(20,427)	(9,924)	(30,351)
Remeasurement of defined benefit assets	-	-	-
Subtotal	(32,595)	(9,924)	(42,519)
Benefits paid	(1,068)	1,068	-
Contributions by employer	-	(4,372)	(4,372)
Effect of exchange rate changes	-	-	-
12/31/2022	120,028	(150,527)	(30,499)
Current service cost	-	-	-
Interest cost (revenue)	1,728	(2,167)	(439)
Pasts service cost and settlement	-	-	-
Subtotal	1,728	(2,167)	(439)
Remeasurement of defined benefit liability/assets:			
Actuarial gain/loss due to change in population statistic assumptions	3,037	-	3,037
Actuarial gain/loss due to change in financial assumptions	2,574	-	2,574
Experience gain/loss	9,459	(359)	9,100
Remeasurement of defined benefit assets	-	-	-
Subtotal	15,070	(359)	14,711

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

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

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

Sensitivity analysis

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

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

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

(19)Equity

A. Common stock

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

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

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

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

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

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

B. Capital surplus

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

#### (a) Earning distribution

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

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

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

#### (b) Dividend policies

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

#### (c) Legal reserve

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

(d) Special reserve

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

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

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

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

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

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

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Notes to Consolidated Financial Statements (Continued)

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

D. Non-controlling interests

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

(20) Share-based payment plans

Restricted stocks plan for employees

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

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

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

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

i. Employee above level eight

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

ii. Employee at level six through level seven

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(21) Operating revenues

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

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

A. Disaggregation of revenue

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

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Notes to Consolidated Financial Statements (Continued)

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

B. Contract balances

(a) Contract liabilities

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

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

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

The significant changes in the Group's balances of contract liabilities for the the years ended December 31, 2022 are as follows:

	Sales of goods	Customer loyalty programs
The opening balance transferred to revenue	\$(95,155)	\$(12,671)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,547,349	2,994

(22)Expected credit losses

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

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

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

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

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

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

As of December 31, 2023

Group 1	Not past due (Note) (NT\$'000)	Past due						Total (NT\$'000)
		<=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)	
Gross carrying amount	\$3,125,076	\$298,053	\$65,153	\$40	\$-	\$-	\$-	\$3,488,322
Loss ratio	-%	3.54%	15%	30%	50%	75%	100%	
Lifetime expected credit losses	-	(10,545)	(9,773)	(12)	-	-	-	(20,330)
Subtotal	\$3,125,076	\$287,508	\$55,380	\$28	\$-	\$-	\$-	\$3,467,992
Group 2	Not past due (Note) (NT\$'000)	Past due					Individual evaluate	Total (NT\$'000)
		<=30 days (NT\$'000)	31-60 days (NT\$'000)	61-90 days (NT\$'000)	91-120 days (NT\$'000)	>=121 days (NT\$'000)		
Gross carrying amount	\$837,387	\$775	\$-	\$-	\$-	\$41,078	\$-	\$879,240
Loss ratio	0.87%	1.00%	5%	-%	-%	100%	100%	
Lifetime expected credit losses	(7,254)	(8)	-	-	-	(41,078)	-	(48,340)
Subtotal	830,133	767	-	-	-	-	-	830,900
Carrying amount of accounts receivable	\$3,955,210	\$288,274	\$55,380	\$28	\$-	\$-	\$-	\$4,298,892

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

As of December 31, 2022

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

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

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

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

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

	Notes receivable (NT\$'000)	Accounts receivable (NT\$'000)
Beginning balance as of January 1, 2022	\$-	\$26,844
Addition/(reversal) for the current period	-	23,441
Effect of exchange rate	-	601
Ending balance as of December 31, 2022	\$-	\$50,886

## (23) Leases

## A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, mechanical equipment and transportation equipment. These leases have terms of between 1 and 50 years. Certain leases provide that without obtaining consent from the lessor, the Group may not, under its own discretion, lend, sublease, sell, use by others in other disguised form, or transfer the lease to another person.

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

## (a) Amounts recognized in the balance sheet

## I. Right-of-use assets

	Land (NT\$'000)	Buildings (NT\$'000)	Total (NT\$'000)
<u>Cost:</u>			
As of 1/1/2023	\$228,862	\$492,223	\$721,085
Addition	-	48,979	48,979
Disposals	-	(27,962)	(27,962)
Effect of exchange rate	(1,916)	(655)	(2,571)
As of 12/31/2023	\$226,946	\$512,585	\$739,531

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

	Land (NT\$'000)	Buildings (NT\$'000)	Total (NT\$'000)
As of 1/1/2022	\$271,757	\$207,324	\$479,081
Addition	-	358,479	358,479
Disposals	(59,851)	(74,547)	(134,398)
Effect of exchange rate	16,956	967	17,923
As of 12/31/2022	\$228,862	\$492,223	\$721,085
<u>Depreciation and impairment:</u>			
As of 1/1/2023	\$68,572	\$135,280	\$203,852
Depreciation	4,704	137,800	142,504
Disposals	-	(26,672)	(26,672)
Effect of exchange rate	(613)	(443)	(1,056)
As of 12/31/2023	\$72,663	\$245,965	\$318,628
As of 1/1/2022	\$76,120	\$49,666	\$125,786
Depreciation	5,107	116,884	121,991
Disposals	(17,655)	(31,490)	(49,145)
Effect of exchange rate	(5,000)	220	5,220
As of 12/31/2022	\$68,572	\$135,280	\$203,852
<u>Net carrying amount:</u>			
As of 12/31/2023	\$154,283	\$266,620	\$420,903
As of 12/31/2022	\$160,290	\$356,943	\$517,233

## II. Lease liability

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

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

(b) Income and costs relating to leasing activities

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

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

For the years ended December 31, 2023 and 2022, the Group recognized NT\$19 thousand and NT\$2,411 thousand as income to reflect the practical expedient applied to the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

(c) Cash outflow relating to leasing activities

For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to NT\$187,604 thousand and NT\$202,414 thousand, respectively.

B. Group as a lessor

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

	For the years ended December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Lease income for operating leases		
Income relating to fixed lease payments	\$4,452	\$8,243

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

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

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

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

According to the resolution, not lower than 10% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

(25) Non-operating incomes and expenses

A. Interest income

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

B. Other income

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

C. Other gains and losses

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

D. Finance costs

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

(26) Components of other comprehensive income (OCI)

For the year ended December 31, 2023

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>Not to be reclassified to profit or loss:</u>					
Remeasurement of defined benefits plan	\$(14,711)	\$-	\$(14,711)	\$-	\$(14,711)
<u>May be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	(103,528)	-	(103,528)	-	(103,528)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	20,182	-	20,182	-	20,182
Total OCI	\$(98,057)	\$-	\$(98,057)	\$-	\$(98,057)

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

For the year ended December 31, 2022

	Arising during the period (NT\$'000)	Reclassification during the period (NT\$'000)	Subtotal (NT\$'000)	Income tax benefit (expense) (NT\$'000)	OCI, Net of tax (NT\$'000)
<u>Not to be reclassified to profit or loss:</u>					
Remeasurement of defined benefits plan	\$42,519	\$-	\$42,519	\$-	\$42,519
<u>May be reclassified to profit or loss in subsequent period:</u>					
Exchange differences arising on translation of foreign operations	57,556	-	57,556	-	57,556
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,799	-	2,799	-	2,799
Total OCI	\$102,874	\$-	\$102,874	\$-	\$102,874

(27) Income tax

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

Income tax expense (benefit) recognized in profit or loss

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

	For the year ended December 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
Accounting profit before tax from continuing operations	\$1,426,085	\$10,091,874
Tax payable at the enacted tax rates	\$676,468	\$2,335,264
Surtax on Undistributed earnings	45,877	98,428
Tax effect of income tax-exempted	(257,450)	(145,786)
Tax effect of expenses not deductible for tax purposes	(25,974)	36,422
Tax effect of deferred tax assets/liabilities	99,786	1,480
Adjustments in respect of current income tax of prior periods	(115,012)	(7,615)
Tax effect arising from the amendment to tax act	(168,012)	(159,789)
Total income tax expense recognized in profit or loss	\$255,683	\$2,158,404

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

For the year ended December 31, 2023

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

## Kinsus Interconnect Technology Corp.

## Notes to Consolidated Financial Statements (Continued)

For the year ended December 31, 2022

	Beginning balance as of Jan. 1, 2022 (NT\$'000)	Deferred tax income (expense) recognized in P/L (NT\$'000)	Exchange adjustment (NT\$'000)	Ending balance as of Dec. 31, 2022 (NT\$'000)
Temporary differences				
Prepaid appreciation tax on agricultural land	\$9,593	\$-	\$-	\$9,593
Loss for market price decline and obsolete and slow- moving inventories	11,557	2,495	-	14,052
Unrealized exchange loss (gain)	(355)	203	-	(152)
Unrealized exchange loss (gain)	1,302	706	-	2,008
Other	601	1,145	(13)	1,733
Investments accounted for using the equity method	(25,661)	(11,522)	-	(37,183)
Deferred tax income/(expense)		\$(6,973)	\$(13)	
Net deferred tax assets/(liabilities)	\$(2,963)			\$(9,949)
Reflected in balance sheet as follows:				
Deferred tax assets	\$23,053			\$27,386
Deferred tax liabilities	\$(26,016)			\$(37,335)

## D. Unrecognized deferred tax assets

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

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

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

F. The assessment of income tax return

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

	The assessment of income tax returns
The Company	Assessed and approved up to 2021, but has not yet been approved for the year of 2020.
Subsidiary - Pegavision Corporation	Assessed and approved up to 2021
Subsidiary - Kinsus Investment Co., Ltd.	Assessed and approved up to 2021
Subsidiary - BeautyTech Platform Corporation	Assessed and approved up to 2021
Subsidiary - Mayin Investment Co., Ltd.	Assessed and approved up to 2021
Subsidiary - FacialBeau International Corporation	Assessed and approved up to 2021

(28) Earnings per share

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

A. Basic earnings per share

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

B. Diluted earnings per share

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

(29) Changes in parent's interest in subsidiaries

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

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

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

(30) Subsidiary that has material non-controlling interests

Proportion of equity interest held by non-controlling interests:

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

Accumulated balances of material non-controlling interest:

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

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

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

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

	For the year ended December 31,	
	2023	2022
	(NT\$'000)	(NT\$'000)
Operating revenue	\$(6,600)	\$817,398
Loss from continuing operation	(119,325)	(246,688)
Total comprehensive income for the period	(117,790)	(239,420)

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

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

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

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

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

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

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

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

## 7. RELATED PARTY TRANSACTIONS

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

Related parties and Relationship

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

(2) Significant transactions with related parties

A. Sales

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

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

B. Lease

(a) Right-of-use assets

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

(b) Lease liabilities

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

(c) Interest expense

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

(d) Lease payment (Rental expense)

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

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

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

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

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

E. Accounts receivable - related parties

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

F. Prepaid expenses

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

G. Refundable deposits

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

H. Other payables

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

I. Property transaction with related party

(a) Acquisition of Assets

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

K. Salaries and rewards to key management of the Group

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

8. PLEDGED ASSETS

The following assets of the Group are pledged as collaterals:

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

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

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

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

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

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENT

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

12. OTHERS

## (1) Categories of financial instruments

Financial assets

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

Financial liabilities

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

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

(2) Objectives and policies of financial risk management

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating 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 year ended December 31, 2023 and 2022 would increase/decrease by NT\$112,364 thousand and NT\$87,029 thousand, respectively.

#### Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the year ended December 31, 2023 and 2022 would decrease/increase by NT\$16,003 thousand and NT\$7,847 thousand, respectively.

#### (4) Credit risk management

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

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

As of December 31, 2023 and 2022, receivables from the top ten customers accounted for 57.47% and 48.77% of the Group's total accounts receivable, respectively. The concentration of credit risk is relatively insignificant for the remaining receivables.

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

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

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

#### (5) Liquidity risk management

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

Non-derivative financial instruments

	Less than		2 to 3 years (NT\$'000)	3 to 4 years (NT\$'000)	4 to 5 years (NT\$'000)	More than 5		Total (NT\$'000)
	1 year	1 to 2 years				years		
	(NT\$'000)	(NT\$'000)				(NT\$'000)	(NT\$'000)	
<u>As of December 31, 2023</u>								
Loans	\$3,466,559	\$3,047,907	\$3,742,524	\$2,873,589	\$2,667,549	\$3,708,447	\$19,506,575	
Payables	8,457,072	-	-	-	-	-	8,457,072	
Lease liabilities	135,797	91,115	17,811	11,905	8,382	13,220	278,230	
<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	

(6) Movement schedule of liabilities arising from financing activities

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

	Short-term borrowings (NT\$'000)	Long-term borrowings (NT\$'000)	Refundable deposits (NT\$'000)	Leases liabilities (NT\$'000)	Total liabilities from financing activities (NT\$'000)
As of January 1, 2023	\$376,620	\$12,075,501	\$4,884,255	\$363,360	\$17,699,736
Cash flows	1,031,999	5,011,408	269,716	(141,084)	6,172,039
Non-cash changes					
Lease range changes	-	-	-	47,677	47,677
Interests on lease liabilities	-	-	-	3,643	3,643
Other	-	(9,434)	-	-	(9,434)
Currency rate change	-	247	-	(276)	(29)
As of December 31, 2023	\$1,408,619	\$17,077,722	\$5,153,971	\$273,320	\$23,913,632

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

	Short-term borrowings (NT\$'000)	Long-term borrowings (NT\$'000)	Refundable deposits (NT\$'000)	Leases liabilities (NT\$'000)	Total liabilities from financing activities (NT\$'000)
As of January 1, 2022	\$1,099,846	\$10,078,111	\$1,820,407	\$161,503	\$13,159,867
Cash flows	(723,226)	1,902,638	3,063,848	(117,882)	4,125,378
Non-cash changes					
Lease range changes	-	-	-	315,332	315,332
Interests on lease liabilities	-	-	-	3,608	3,608
Other	-	(20,559)	-	-	(20,559)
Currency rate change	-	115,311	-	799	116,110
As of December 31, 2022	\$376,620	\$12,075,501	\$4,884,255	\$363,360	\$17,699,736

## (7) Fair values of financial instruments

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

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

- (a) The carrying amount of cash and cash equivalents, receivables, payables and other current liabilities approximate their fair value due to their short maturity terms.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (e.g. listed equity securities, beneficiary certificates, bonds and futures etc.) at the report date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

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

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of December 31, 2023

	Level 1 (NT\$'000)	Level 2 (NT\$'000)	Level 3 (NT\$'000)	Total (NT\$'000)
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Funds	\$3,194,224	\$-	\$-	\$3,194,224
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	-	-	51,000	51,000
<u>Financial liabilities:</u>				
None				

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Notes to Consolidated Financial Statements (Continued)

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

Transfers between Level 1 and Level 2 during the period

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

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

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

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

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

Information on significant unobservable inputs to valuation

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

As of December 31, 2023

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

Kinsus Interconnect Technology Corp.

Notes to Consolidated Financial Statements (Continued)

As of December 31, 2022

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

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

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

	As of December 31,					
	2023			2022		
	Foreign Currencies (\$'000)	Exchange Rate	NTD (NT\$'000)	Foreign Currencies (\$'000)	Exchange Rate	NTD (NT\$'000)
<u>Financial assets</u>						
Monetary items:						
USD	\$428,080	30.713	\$13,147,674	\$358,240	30.718	\$11,004,250
CNY	\$84,805	4.338	\$367,923	\$331,722	4.411	\$1,463,064
<u>Financial liabilities</u>						
Monetary items:						
USD	\$62,205	30.725	\$1,911,255	\$74,920	30.717	\$2,301,343
CNY	\$90,235	4.338	\$391,441	\$111,912	4.411	\$493,590

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

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

Foreign currency resulting in exchange gain or loss	For the year ended December 31,	
	2023 (NT\$'000)	2022 (NT\$'000)
USD	\$45,965	\$259,530
Other	9,475	(1,907)

(10) Capital management

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

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

A. Financing provided to others: None.

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

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

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

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

- F. Disposal of individual real estate with amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.
- G. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 4.
- H. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2023: None.
- I. Derivative instrument transactions: None.
- J. Intercompany relationships and significant intercompany transactions for the year ended December 31, 2023: Please refer to attachment 11.

(2) Information on investees

- A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 5.
- B. Investees over which the Company exercises control shall be disclosed of information under Note 13(1):
  - (a) Financing provided to others: None.
  - (b) Endorsement/Guarantee provided to others: None.
  - (c) Marketable securities held as of December 31, 2023 (excluding investments in subsidiaries, associates and joint ventures): Please refer to attachment 6.
  - (d) Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 7.
  - (e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 8.

- (f) Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the year ended December 31, 2023: None.
  
- (g) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the year ended December 31, 2023: Please refer to attachment 9.
  
- (h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of December 31, 2023: Please refer to attachment 10.
  
- (i) Derivative instrument transactions: None.

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Notes to Consolidated Financial Statements (Continued)

(3) Information on investments in Mainland China:

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

(In Thousands of New Taiwan Dollars/ Foreign currencies)

Name of Investee in China	Main Business	Paid-in Capital (NT\$'000)	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2023 (NT\$'000)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2023 (NT\$'000)	Profit/ Loss of Investee (NT\$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT\$'000)	Carrying Amount as of Dec. 31, 2023 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT\$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT\$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT\$'000)
					Outflow (NT\$'000)	Inflow (NT\$'000)									
Kinsus Interconnect Technology Suzhou Corp.	Manufacturing and selling PCB (not high-density fine-line)	\$2,150,750 (Note 2)	(2)	\$2,150,750 (Note 2)	\$-	\$-	\$2,150,750 (Note 2)	\$201,113 (Note 2 and Note 4)	100%	\$201,113 (Note 2, Note 4 and Note 11)	\$2,349,898 (Note 2, Note 4 and Note 11)	\$553,050	\$1,597,700 (Note 2)	\$1,597,700 (Note 2)	No upper limit (Note 5)

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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 Dec. 31, 2023 (NT\$'000)	Profit/ Loss of Investee (NT\$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT\$'000)	Carrying Amount as of Dec. 31, 2023 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT\$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT\$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT\$'000)
					Outflow (NT\$'000)	Inflow (NT\$'000)									
Piotek Computer (Suzhou) Co., Ltd.	Researching, developing, producing and selling electronic components, PCBs and related products and providing after-sale services	\$6,166,508 (Note 2)	(3) (Note 10)	\$2,895,946 (Note 2)	\$-	\$-	\$2,895,946 (Note 2)	\$(119,307) (Note 2 and Note 4)	51%	\$(60,847) (Note 2, Note 4 and Note 11)	\$394,487 (Note 2, Note 4 and Note 11)	\$-	\$2,895,946 (Note 2)	\$2,895,946 (Note 2)	No upper limit (Note 5)

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

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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 Dec. 31, 2023 (NT\$'000)	Profit/ Loss of Investee (NT\$'000)	Percentage of Ownership (Direct or Indirect Investment)	Share of Profit/Loss (NT\$'000)	Carrying Amount as of Dec. 31, 2023 (NT\$'000)	Accumulated Inward Remittance of Earnings as of Dec. 31, 2023 (NT\$'000)	Accumulated Outflow of Investment from Taiwan to Mainland China as of Dec. 31, 2023 (NT\$'000)	Investment Amounts Authorized by Investment Commission, MOEA (NT\$'000)	Upper Limit on Investment in China by Investment Commission, MOEA (NT\$'000)
					Outflow (NT\$'000)	Inflow (NT\$'000)									
Gemvision Technology (Zhejiang) Limited	Selling medical equipment	\$95,437 (RMB 22,000) (Note 2)	(3) (Note 8)	\$-	\$-	\$-	\$-	\$41,302 (Note 2 and Note 4)	29.55%	\$10,374 (Note 2, Note 4 and Note 11)	\$30,381 (Note 2, Note 4 and Note 11)	\$-	\$-	\$-	\$219,761 (Note 9)

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

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

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

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

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

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

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

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

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

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

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

Note 11: Transactions were eliminated upon preparation of consolidated financial statements.

B. Significant transactions with investees in China:

(a) Purchase and balances of related accounts payable as of December 31, 2023: Please refer to attachment 11 for details.

(b) Sale and balance of related accounts receivable as of December 31, 2023: Please refer to attachment 11 for details.

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

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

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

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

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

(f) Transactions that have significant impact on profit or loss of current period or the financial position, such as services provided or rendered: Please refer to attachment 11 for details.

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

(4) Information on major shareholders:

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

#### 14. OPERATING SEGMENT

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

IC Substrate: This segment produces and manufactures BGA substrates and sells the products to manufacturers of electronic products. For the year ended December 31, 2023, Piotek Computer (Suzhou) Corporation terminated its related business cessation plans, so the information of profit or loss and operating segment for the year ended December 31, 2022 was re-expressed in the financial statements.

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

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

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

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For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

<u>Segment assets</u>	<u>IC Substrate</u> <u>(NT\$'000)</u>	<u>Optics</u> <u>(NT\$'000)</u>	<u>Elimination</u> <u>(NT\$'000)</u>	<u>Consolidated</u> <u>(NT\$'000)</u>
As of 12/31/2023	<u>\$64,208,332</u>	<u>\$13,858,707</u>	<u>\$-</u>	<u>\$78,067,039</u>
As of 12/31/2022	<u>\$63,071,819</u>	<u>\$9,561,597</u>	<u>\$-</u>	<u>\$72,633,416</u>
<u>Segment liabilities</u>	<u>IC Substrate</u> <u>(NT\$'000)</u>	<u>Optics</u> <u>(NT\$'000)</u>	<u>Elimination</u> <u>(NT\$'000)</u>	<u>Consolidated</u> <u>(NT\$'000)</u>
As of 12/31/2023	<u>\$35,029,302</u>	<u>\$3,878,611</u>	<u>\$-</u>	<u>\$38,907,913</u>
As of 12/31/2022	<u>\$30,741,658</u>	<u>\$3,075,865</u>	<u>\$-</u>	<u>\$33,817,523</u>

(2) Geographical information

Revenues from external customers

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

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

Non-current assets

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

(3) Information about major customers

Individual customer's sale accounted for at least 10% of consolidated net sale:

Name of customers	For the year ended December 31,	
	2023	2022
Customer A	(Note)	\$4,438,537

Note: Revenue generated from sales to individual customer did not achieve 10% of the operating revenue of the Group, it was not disclosed.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

Endorsement/Guarantee Provided to Others

For the Year Ended December 31, 2023

Attachment 1

(In Thousands of Foreign Currency / New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement /Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Nature of Relationship										
-	-	-	-	-	\$-	\$-	\$-	\$-	-%	-	-	-	-

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

Note 2: Amounts in foreign currencies are converted to New Taiwan Dollars using the exchange rates as of the balance sheet date.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

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

As of December 31, 2023

Attachment 2

(In Thousands of New Taiwan Dollars)

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

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

For Year Ended December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

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

For the Year Ended December 31, 2023

Attachment 4

(In Thousands of New Taiwan Dollars)

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
Kinsus Interconnect Technology Corp. and Subsidiaries  
Investees over Whom the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)  
As of December 31, 2023

Attachment 5

(In Thousands of Foreign Currency / New Taiwan Dollars)

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

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

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

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

Note 2: This includes investment income accounted for using the equity method of NT\$142,911 thousand, realized benefits of current upstream transactions of NT\$26,540,000, and unrealized benefits of current upstream transactions of NT\$10,987,000.

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

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

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

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Kinsus Interconnect Technology Corp. and Subsidiaries

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

As of December 31, 2023

Attachment 6

(In Thousands of New Taiwan Dollars)

Name of Held Company	Type and Name of Marketable Securities	Relationship with the Issuer	Financial Statement Account	As of December 31, 2023				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	-%	\$12,112	-	\$-	
Pegavision Corporation	Money market funds: Yuanta Wan-Tai Money Market Fund Yuanta De-Li Money Market Fund Mega Diamond Money Market Fund FSITC Taiwan 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 Financial assets at fair value through profit or loss	6,400,626 6,475,107 88,870,417 67,078,751	99,464 108,390 1,145,000 1,054,557	-% -% -% -%	\$2,410,211	-	\$-	
Mayin Investment Co., Ltd.	Money market funds: Mega Diamond Money Market Fund FSITC Taiwan Money Market Fund	- -	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	392,329 1,653,209	5,000 26,000	-% -%	\$31,080	-	\$-	
BeautyTech Platform Corporation	Money market funds: Yuanta De-Li Money Market Fund Yuanta Wan-Tai Money Market Fund FSITC Taiwan 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	2,221,592 502,952 8,932,500	34,235 8,360 140,000	-% -% -%	\$183,569	-	\$-	
FacialBeau International Corporation	Money market funds: Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	673,797	10,600	-%	\$10,605	-	\$-	
	Valuation adjustments of financial assets held for trading				4,657					
	Total				\$2,647,577					
Kinsus Investment Co., Ltd.	Stocks: Ethos Original Co., Ltd. Li Chang Finery Inc	- -	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%	\$50,000 1,000	-	\$-	
	Total				\$51,000		\$51,000		\$-	

English Translation of Consolidated Financial Statements Originally Issued in Chinese

Kinsus Interconnect Technology Corp. and Subsidiaries

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

For the Year Ended December 31, 2023

Attachment 7

(In Thousands of New Taiwan Dollars)

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

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

Kinsus Interconnect Technology Corp. and Subsidiaries

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

As of December 31, 2023

Attachment 8

(In Thousands of Foreign Currency / New Taiwan Dollars)

The Company that acquired the real estate	Property name	Date of occurrence (Note 1)	Transaction amount	Payment status	Transaction parties	Relationship	For related party transactions, the previous transfer data				The reference basis for price determination	The purpose of acquisition and its utilization	Other agreed-upon provisions
							All the parties	Relationship to the Company	Transfer date	Amount			
Pegavision Corporation	Land	9/21/2023	<u>\$1,912,290</u>	By Contract Note 3	PEGATRON CORPORATION	Ultimate parent company	ASUSTEK COMPUTER INCORPORATION	Non-related party	97.1	Note 2	The price determined based on the valuation by a professional appraisal agency	Meeting business growth needs	None
	Buildings	9/21/2023	<u>\$1,127,710</u>	By Contract Note 3	PEGATRON CORPORATION	Ultimate parent company	ASUSTEK COMPUTER INCORPORATION	Non-related party	97.1	Note 2	The price determined based on the valuation by a professional appraisal agency	Meeting business growth needs	None
PEGAVISION VIETNAM COMPANY LIMITED	Right-of-use assets-land	7/5/2023	<u>USD 58,800</u>	By Contract Note 4	GREEN i-PARK CORPORATION	-	-	-	-	-	The price determined based on the valuation by a professional appraisal agency	Capacity expansion	None

Note 1 : The date of occurrence of the event referred to means the date of agreement, date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the board of directors or a committee established by it, or other date

that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.

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

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

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

Kinsus Interconnect Technology Corp. and Subsidiaries

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

For the Year Ended December 31, 2023

Attachment 9

(In Thousands of Foreign Currency / New Taiwan Dollars)

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

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

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Kinsus Interconnect Technology Corp. and Subsidiaries

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

As of December 31, 2023

Attachment 10

(In Thousands of Foreign Currency / New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Kinsus Interconnect Technology Suzhou Corp.	Kinsus Interconnect Technology Corp.	Parent company	USD 10,321 <u>(Note and Note 1)</u>	<u>5.65</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	Pegavision Japan Inc.	Subsidiary	\$584,894 <u>(Note and Note 1)</u>	<u>6.44</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	Subsidiary	\$114,430 <u>(Note and Note 1)</u>	<u>2.77</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note: Accounts receivable.

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

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Kinsus Interconnect Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2023

Attachment 11

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	
0	<u>2023.01.01~2023.12.31</u> Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Sales revenue	\$22,941	Payment within 30 days from the end of delivery month	0.09%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Accounts payable	\$306,633	Payment within 60 days from the end of delivery month	0.39%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Purchase	\$1,614,862	Payment within 60 days from the end of delivery month	6.02%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other receivables	\$29,855	Payment within 60 days from the end of delivery month	0.04%
0	Kinsus Interconnect Technology Corp.	Kinsus Interconnect Technology Suzhou Corp.	1	Other revenue	\$26,185	Payment within 30 days from the end of delivery month	0.10%
0	Kinsus Interconnect Technology Corp.	KINSUS CORP. (USA)	1	Commission expense	\$52,285	Payment within 30 days from the end of delivery month by TT	0.19%
1	Pegavision Corporation	Pegavision Japan Inc.	3	Sales revenue	\$2,961,338	Payment within 90 days from the end of delivery month	11.04%
1	Pegavision Corporation	Pegavision Japan Inc.	3	Accounts receivable	\$584,894	Payment within 90 days from the end of delivery month	0.75%
1	Pegavision Corporation	Gemvision Technology (Jiangsu) Limited	3	Sales revenue	\$23,274	Payment within 180 days from the end of delivery month	0.09%
1	Pegavision Corporation	Gemvision Technology (Jiangsu) Limited	3	Operating expense	\$19,615	Payment within 180 days from the end of delivery month	0.07%
1	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Sales revenue	\$274,483	Payment within 180 days from the end of delivery month	1.02%
1	Pegavision Corporation	Gemvision Technology (Zhejiang) Limited	3	Accounts receivable	\$59,203	Payment within 180 days from the end of delivery month	0.08%
1	Pegavision Corporation	BeautyTech Platform Corporation	3	Sales revenue	\$296,073	Payment within 120 days from the end of delivery month	1.10%
1	Pegavision Corporation	BeautyTech Platform Corporation	3	Accounts receivable	\$114,430	Payment within 120 days from the end of delivery month	0.15%
1	Pegavision Corporation	BeautyTech Platform Corporation	3	Operating expense	\$54,092	Payment within 120 days from the end of delivery month	0.20%
1	Pegavision Corporation	FacialBeau International Corporation	3	Sales revenue	\$46,353	Payment within 90 days from the end of delivery month	0.17%
2	FacialBeau International Corporation	BeautyTech Platform Corporation	3	Sales revenue	\$61,360	Payment within 30 days from the end of delivery month	0.23%
3	BeautyTech Platform (Shanghai) Corporation	Gemvision Technology (Zhejiang) Limited	3	Service revenue	\$45,036	Payment within 30 days from the end of delivery month	0.17%

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

(1) Parent company is coded "0".

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

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

(1) From the parent company to a subsidiary.

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
 Kinsus Interconnect Technology Corp. and Subsidiaries  
 Intercompany Relationships and Significant Intercompany Transactions for the Year Ended December 31, 2023

Attachment 11

(In Thousands of Foreign Currency / New Taiwan Dollars)

No.  (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			Percentage to Consolidated Net Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Terms	

(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.