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Annual Report

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Company website: <https://www.tecoimage.com.tw>

MOPS: <https://mops.twse.com.tw>

I. Names, titles, contact numbers and emails of the spokesperson and acting spokesperson

Name of Spokesperson: Wei Yao-ming

Job Title: Consultant

Tel. No.: (02)2792-1116

Email Address: ir@tecoimage.com.tw

Acting Spokesperson: Lai Chien-i

Job Title: Manager

Tel. No.: (03)473-3112

Email Address: ir@tecoimage.com.tw

II. Address and Telephone Number of Headquarters, Branches and Plants:

Headquarters address: 12F., No. 503, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City

Tel. No.: (02)2792-1116

Address of Guanyin Plant: 2F, No. 1568-1, Sec. 1, Zhongshan Road, Jinhua Li, Guanyin Dist., Taoyuan City

Tel. No.: (03)473-3112

III. Name, address, website and telephone number of the agency handling shares transfer:

Name: CTBC Bank Co., Ltd., Transfer Agency Department

Address: 5F, No. 83, Sec. 1, Chongqing S. Rd., Taipei City

Website: <https://www.ctbcbank.com>

Tel. No.: (02)6636-5566

IV. The names of the certified public accountants who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of the accounting firm to which they belong:

Name of CPAs: Yeh Tsui-Miao/Lin Chun-Yao

Firm name: PwC Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Rd., Taipei City

Website: <https://www.pwc.tw/en/index.jhtml>

Tel. No.: (02)2729-6666

V. Names of overseas exchanges where the Company's securities are traded, and method by which to access information on said offshore securities: None

VI. Company website: [https:// www.tecoimage.com.tw](https://www.tecoimage.com.tw)

Table of Contents of Annual Report

One. A Report to The Shareholders.....	1
I. 2023 Annual business report.....	1
II. 2024 business plan outline and future corporate development strategies.....	3
III. Effect of external competition, regulations and general business environment.....	5
Two. Company Overview.....	6
I. Company Profile.....	6
Three. Corporate Governance Report.....	11
I. Organizational system.....	11
II. Information on directors, president, vice presidents, assistant vice presidents, heads of departments and branches.....	14
III. Remuneration paid to directors, president and vice presidents for the most recent year.....	23
IV. Corporate governance.....	29
V. CPA Fees.....	60
VI. Information about replacement of CPA.....	60
VII. If any of the Company's Chairman, President, or managers responsible for financial or accounting affairs being employed by the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm in the most recent year, please disclose the name, job title, and period in which he/she was employed by the independent auditor's firm or its affiliated company.....	60
VIII. Transfers of equity interests and/or pledge of or change in equity interests by directors, supervisors, managers and shareholders holding more than 10 percent of the shares of the Company in the most recent year and up to the date of publication of the annual report.....	61
IX. Information on the top ten shareholders who are related parties to each other or who are spouses or relatives within the second degree of kinship.....	62
X. The total number of shares held and the consolidated shareholdings in any single investee by the Company, its directors, managers, or any companies controlled either directly or indirectly by the Company.....	64
Four. Fundraising Status.....	65
I. Capital and shares.....	65
II. Corporate bonds.....	69
III. Preferred Shares.....	69
IV. Global Depositary Receipt.....	69

Table of Contents of Annual Report

V. Employee stock warrants.....	69
VI. New Restricted stock awards.....	69
VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies.....	69
VIII. Execution of Capital Utilization Plan.....	69
Five. Operation Overview.....	70
I. Description of the business.....	70
II. Overview of market and production and sales.....	78
III. Employees.....	84
IV. Environmental protection expenditures.....	84
V. Labor-management relationship.....	87
VI. Cyber security management.....	89
VII. Important Contracts.....	92
Six. Financial Overview.....	93
I. Condensed balance sheets and statements of comprehensive income , independent auditors and audit opinion for the past five years.....	93
II. Financial analysis for the past five years.....	94
III. Audit Committee's review report on the financial statements of the most recent fiscal year.....	99
IV. Financial statements for the most recent year.....	100
V. Parent company financial statements of the Company audited and certified by CPAs in the most recent year.....	100
VI. If the Company and its affiliates have experienced financial difficulties during the current fiscal year up to the date of publication of the annual report, the impact on the Company's financial position shall be stated.....	100
Seven. Review and analysis on financial position and financial performance, and management.....	101
I. Financial Position.....	101
II. Financial performance.....	102
III. Cash flow.....	102
IV. Financial impact posed by any major capital expenditures during the most recent fiscal year.....	103
V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plan for the following year.....	103
VI. Risks management and assessment.....	104
VII. Other important matters.....	107
Eight. Special Disclosures.....	108
I. Information related to the Company's affiliates.....	110

Table of Contents of Annual Report

II. Private placement of securities during the most recent year and up to the date of publication of the annual report.....	110
III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent and up to the date of publication of the annual report.....	111
IV. Any occurrences of events defined under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year up till the date of publication of the annual report that significantly impacted shareholders' equity or security price.....	111
V. Other supplementary notes.....	111

One. A Report to The Shareholders

I. 2023 Annual business report

(I) Yields from Execution of the Business Plan

In 2023, major central banks around the world fought against high inflation with high interest rates at the risk of an economic downturn. The weaker-than-expected recovery from the pandemic in China, the ongoing technology war between the U.S. and China, and the geopolitical risks of the Russia-Ukraine war and the Israeli-Palestinian conflict also exacerbated the already fragile global economy. According to Key research's announcement in October 2023, sales volume of A3 monochrome photocopiers in China market was forecasted to decrease by 30.1% for the full year of 2023 compared to the previous year, and the market is expected to be on a downward trend in the future.

In the face of changes in the MFP (multi-function peripheral) market in 2023, in addition to continuing to expand the monochrome photocopier market (21ppm~30ppm), the Company also focused on the development of new platforms to pave the way for entry into the A3 color MFP market (15~23ppm). Through the efforts of our sales force, we have obtained RFQs for A3 monochrome and color models to obtain production opportunities in the next 3~5 years.

In addition to photocopier business, other product lines of TiS such as industrial color inkjet printers, label printers, and cutting plotter are mainly sold to the European and U.S. markets, which had a slight growth in 2023, with the revenue share increasing to 17.6% from 16.3% in the previous year.

In terms of 3DP printing production, TiS' 3DP technology has been recognized by more than 35 customers and continues to win orders for printing needs. Order revenue in 2023 grew significantly compared to 2022. In addition to printing needs, NRE revenue were also generated; with revenue growing by 559% compared to the previous year.

The Company's operating revenue was NT\$1.197 billion in 2023, with a budget achieving rate of 68.2%, a net income after tax of NT\$7.11 million, and an earnings per share after tax of NT\$0.09.

(II) 2023 Budget Execution Status

Unit: NT\$1,000

Item	Amount	Achieving Rate %
Operating revenue	1,196,672	68.2%
Operating costs	1,011,951	69.7%
Gross profit	184,721	61.1%
Operating expenses	278,171	92.5%
Operating gains (Losses)	(93,450)	-4862.3%
Non-operating income and (expenses)	100,439	131.9%
Profit and loss before tax	6,989	8.9%
Profit and loss after tax	7,118	9.7%
Earnings per share after Tax (NTD)	0.09	9.7%

(III) Financial Income and Profitability Analysis

1. Financial income

(1) The Company derived NT\$4,592 thousand from the interest on demand deposits.

2. Profitability analysis

Item	2022	2023
Return on assets (%)	2.26	0.39
Return on equity (%)	2.99	0.31
Ratio of operating income to paid-in capital (%)	(4.20)	(8.30)
Ratio of pre-tax income to paid-in capital (%)	8.06	0.62
Profit margin (%)	3.74	0.59
Earnings per share	0.81	0.09

(IV) Status of Research and Development

1. Research and Development

In addition to office machines, the Company is also proactively developing other products, including implementation of UV ink jet technology, establishment of UAV platform, and development of 3DP post-processing technology. The main achievements were as follows:

1. MFP:

(A) The new models have completed quality certification and entered mass production according to schedule.

(B) The proposal for derivative models with improved performance was approved by customers by the end of 2023. Mass production is scheduled in 2025/3, in order to expand the profit of TiS in MFP.

(C) New control platform is expected to be completed in Q3 2024 and is planned to be introduced in the development of new models.

2. Industrial Cutter and Inkjet Printer:

(A) Industrial cutters successfully had production optimization completed and are with steady shipment and stable quality.

(B) Color industrial labeler had quality improvement completed and was introduced into production in April 2023 for shipment.

(C) Prototype development of UV inkjet technology was completed. It will be used for 2D Bar Code printing needs.

3. 3DP Printing Production:

(A) 3DP-related revenue in 2023 grew 559% from 2022 to NT\$6.76 million, with a gross profit margin of over 40%.

4. Drone Development:

(A) With reduced weight design, our drones gained favorable feedbacks from more than 10 customers and product design was introduced and expected to show results in 2024.

(B) Development of ground station software for the drone was completed, which

facilitated the successful application by governmental organizations.

2. Annual investments in R&D and successfully developed technologies in the past five years

Year	R&D Expense (Thousand)	Result
2019	147,350	3D printing for mass production - Industrial color inkjet printer engine and master control board, 4D Mouse. TiS established its own 3D printing post-processing technology. TiS completed A4 size, double-sided scanning DADF development. TiS completed A3 size, double-sided scanning DADF development. TiS launched A3 monochrome laser MFP module with integrated mobile printing. TiS launched the first generation automatic laminator. TiS launched the first generation mobile fast coffee brewers
2020	120,831	3D printing for mass production - industrial color inkjet printer engine, sensor module, electric scooter driving module, etc. TiS established its OEM production and design capabilities in industrial cutting machines, applied scanning technology and wireless transmission to mobile phones, and developed foot health inspection machine with app smart inspection feature. TiS developed thermal transfer label printer technology, including assembly and software and hardware platforms. TiS adopted its drone-controlling technologies including software and firmware.
2021	127,292	TiS were contracted with German industrial machine brands under an ODM model and began mass production of the industry-level color label printers using the 3D printing technologies. TiS was contracted under an OEM model with Japanese brands who made wide format cutters and cutting machine/plotters and began production of the industry-level cutting machine/plotters.
2022	104,547	Upgrade the function of MFP Implementation and verification of UV ink jet technology, establishment of UAV delivery platform, Development of 3DP post-processing technology (dyeing, color homogenization, hybrid design, weight reduction design, etc.) and establishment of a new platform for future system control
2023	96,238	Completion of the UAV ground station software and successfully introduced the customer's UAV solution 3DP weight reduction and integrated design successfully implemented into customers' UAV design to provide MOQ-free and fast delivery Establishment of a UV ink jet prototype machine for special printing needs, such as 2D Bar Code

II. 2024 business plan outline and future corporate development strategies

(I) Management Policy

1. MFP:

The overall market of black-and-white photocopiers tends to remain constant and even decline. In the future, the product share of Chinese brands will continue to erode the products of foreign brands. The proportion of Chinese brand products in black-and-white photocopiers is currently about 6%, and it is expected that the growth will reach 30% in next 2-3 years, which will continue to erode the market of foreign brand products.

Color photocopiers, which experienced a 6.4% decline in 2022 due to the pandemic,

and a 1.9% growth in 2023, are expected to grow by over 10.7% until 2027. The share of color photocopiers in the overall photocopier market increased from 33.7% in 2022 to 39% in 2023. The low-end (15-23ppm) color photocopiers are expected to undermine the mid-speed (30ppm) black-and-white photocopier market. Future Countermeasures

- (1) Monitor the market trend of photocopiers outside China: Sales representatives will visit customers to investigate and understand the trend, in order to formulate future strategies for black-and-white photocopiers.
 - (2) Closely observe the trend of China's information technology application innovation industry and look for solutions: The information technology application innovation industry was launched in 2016, and the goal of a central state-owned enterprises is to replace 100% of information technology application innovation industry in 2027. This will be a threat to foreign brands in the future.
 - (3) Completion of new platform modularization development: This is expected to be completed by Q3 2024, and will be suitable for monochrome Seg2/3 and 30ppm color A3 models, expanding TiS's product range in the field of MFP.
2. Expansion of UV inkjet quick-drying and 3DP printing applications: In addition to production opportunities for color labelers and wide format printers (WFP), they can also be applied to 2D Bar Code printing needs. The business model will be expanded from not only ODM/OEM but also the profit model of printing services.
 3. Establish and introduce The 5th-Generation 3D printing technology and expand the 3DP production base: In 2024, the Company will implement The 5th-Generation 3DP equipment and expand the production base, which is expected to reduce the production cost by 55% and enhance the printing performance by 34%. We will also gradually introduce AI-assisted design, which will increase design efficiency by more than two times.
 4. Establishment of TiS drone autonomous flight platform: We will introduce the edge computing platform and AI system, combined with the flight control system, toward the goal of autonomous flight without human control.

(II) Expected sales volume and its basis

Due to the company's expansion to markets of different areas, its products have been diversified, with categories and estimated sales targets as follows:

Unit: machine

Item	Sales Volume
Digital Multi-function Peripheral (MFP)	222,715
Label Printers	19,916
Start-up (3D printing)	30,679
Office & Consumer	5,370
Cutting Plotter	4,880

(III) Major Production and Marketing Policies

Strive for diversified OEM opportunities

Market recession not only affects TiS but also causes some companies in the industry to downsize or even shut down factories.

In the future, the focus of TiS will be on how to win the business in Taiwan, China, and

even other regions in the world;

With respect to factories that cannot operate continuously, we will look for diversified OEM opportunities in these crises, such as business opportunities for unmanned vehicles.

III. Effect of external competition, regulations and general business environment

In 2023, China's economy still showed no growth and even recovered less than the expectation after lifting of the lockdown policy. The factors, including China's telecommunication industry sanctions, tariffs of 10% - 25%, semiconductor sanctions, and semi-conductor talent ban, have caused the overall economic recession. In terms of the overall market of photocopiers, the customers and the sales end will invest more resources in the sales of color photocopiers and the promotion of solutions. It is expected that the color photocopier market will continue to grow and erode the black-and-white photocopier market in the future. This change presents a challenge and also a business opportunity to TiS at the same time.

Crisis is often the turning point for the better. Due to the unfavorable factors, such as the constant geopolitical risks arising from Sino-US trade war, Russia-Ukraine War, Israel-Palestine War, and others, such as inflation and raw material price rise, TiS will pay attention and respond to it proactively. In addition to strengthening inventory and hedging for supplies management, TiS will continue to improve its factory processes, strive for OEM opportunities, and develop and expand new products other than multi-function machine to respond to the changing market in the future. We will also uphold a professional and innovative management philosophy, strive to improve profitability, and share business results with shareholders, customers, and employees.

Huang Yu-jen, Chairperson of the Board of Directors

Two. Company Overview

I. Company Profile

(I) Date of Incorporation: September 8, 1997

(II) Company History

Used to be the Fax and Scanner Division of Teco Information Co. Ltd., Teco Image Systems (TiS) Co. Ltd. was officially incorporated in Guanyin Township, Taoyuan County on October 1, 1997. At the early stage, all TiS's major staff were transferred from the former Fax and Scanner Division. The capital was NT\$500 million, contributed by Teco Information Co. Ltd., Mustek Systems Inc., and Koos Group. This session of Board of Directors is the 10th Board of Directors, which was elected on September 24, 2021 at the first extraordinary general meeting (EGM) for a term between September 24, 2021 and September 23, 2024. Shortly after incorporation, TiS went beyond the scanner and fax business to dive into development of new products. We launched the first generation optoelectronic products such as digital cameras and printer-based MFPs while keeping transcending those technological barriers. Between 1998 and 2001, we launched Taiwan's first ever Scanner G3 Laser Fax, the A3 Sheet-fed Flatbed Digital Printer, and the world's first ever A6 sheet-fed USB Color Scanner. We then actively developed the laser-based color systems. In 2000, the Company started to design and manufacture the A3 laser photocopiers. In addition to the R&D and design of laser photocopiers, the Company also launched the interactive virtual whiteboard in the education market and entered the new milestone, namely 3D printing technology development, in 2013. The Company began to research and develop mobile commerce products in 2014, and entered the development of wide-format printers and mobile smart scanning technology in 2015. It launched the first generation of wide-format printers and new generation A3 black and white laser MFP modules in 2016. In 2017, the Company entered the development of the new generation A3 black and white laser MFP module and industrial ink jet engine technology. In 2018, the Company began the development of the first generation industrial label printer/automatic laminator and the 3D printing technology for production use. In 2019, the new generation of A3 black and white laser MFP machine and modules, and the first generation of automatic packaging machine were launched. It began the shipment of the industry-level label printer developed using the 3D printing technology in 2020. The Company was contracted with German industrial machine brands under an ODM model and began mass production of the industry-level color label printers using the 3D printing technologies in 2021. Meanwhile, it was contracted under an OEM model with Japanese brands who made wide format cutters and cutting machine/plotters and began production of the industry-level cutting machine/plotters. In 2022, it completed the implementation and verification of UV ink jet technology, establishment of UAV delivery platform, development of 3DP post-processing technology and establishment of a new platform for future

system control. In 2023, it established a UV ink jet prototype machine for special printing needs, such as 2D Bar Code, and also completed the UAV ground station software.

Our milestones in order of calendar year are as follows:

- 1982 • TECO Electric and Machinery Co., Ltd. set up the OA Div. to engage in R&D of fax machines.
- 1986 • TECO launched Taiwan's first ever thermal fax.
 • TECO surveyed the scanner market and began R&D works
- 1988 • TECO launched Taiwan's first ever computer- and fax-based thermal MFP.
 • TECO launched the A4 sheet-fed monochrome scanner.
- 1989 • TECO Information was incorporated and subordinated under the OA Div. of TECO Electric and Machinery Co., Ltd. to continue the R&D of communication products and image products.
- 1990 • TECO launched the 3 pass A4 sheet-fed color scanner.
- 1992 • TECO launched the A4 sheet-fed high-speed scanner.
- 1993 • TECO's scanner product was awarded the Taiwan Products Image Award.
- 1994 • TECO introduced Taiwan's first ever fax-based plain paper LED MFP.
 • TECO launched the ultra-speed automatic document feeder (ADF) scanner.
- 1995 • TECO introduced Taiwan's first ever fax-based plain paper laser MFP.
 • TECO launched the upgradable high-speed color scanner.
- 1996 • TECO's R&D of the laser fax UA3410 obtained the grants through the Leading New Products Projects Grants program organized by Industrial Development Bureau, Ministry of Economic Affairs.
- 1997 • Teco image Systems (TiS) was incorporated in Guanyin Township, Taoyuan County on October 1, its preceding identity being the Fax and Scanner Division of TECO Information.
 • TiS launched the world's first ever USB A4 sheet ADF color scanner and high-speed scanner.
 • TiS introduced the fax-based plain paper laser MFP.
 • TiS launched the 270,000-pixel dual-aperture memory card digital camera
- 1998 • TiS introduced Taiwan's first ever Super G3 Laser Fax
 • TiS launched the world's first ever USB A6 sheet-fed duplex color scanner
 • TiS launched the contact image sensor (CIS) scanner
 • TiS launched the 350,000- pixel patented automatic dual-aperture digital camera and the 1,000,000-pixel automatic digital camera with color screen.
 • TiS passed ISO-9002 quality assurance under the consultation of Electric-Electronic & Environmental Technology Development Association of R.O.C. (CED) and so was authorized to establish a bonded factory.
 • TiS was approved by the Securities and Futures Institute to conduct public offering.
 • TiS obtained the BCIQ (Bureau of Commodity Inspection and

- Quarantine) ISO-9002 assurance.
- TiS launched the world's first ever 600dpi USB A6 sheet-fed duplex color scanner and the 150,000-pixel digital camera with a color screen.
 - TiS was awarded the Awards for Excellent Trading Businesses by the Bureau of Foreign Trade, Ministry of Economic Affairs.
 - TiS passed the technology industry entity review conducted by the Industrial Development Bureau, Ministry of Economic Affairs.
- 1999
- TiS established a production base in China for scanners and digital cameras.
 - TiS completed the digital integration of company-wide operating systems.
 - TiS introduced the 2-wire Fax-based Super G3 Laser MFP.
 - TiS started R&D of the flatbed printer-based digital MFP.
- 2000
- TiS launched the world's first ever 600dpi USB A6 sheet-fed photomask color scanner, which was awarded the Excellent Photonics Product Award by the Photonics Industry & Technology Development Association (PIDA).
 - TiS launched A4 sheet-fed printer-based digital MFP.
 - TiS was approved by the securities and Futures Institute to be listed on the OTC market on June 17.
- 2001
- TiS launched Taiwan's first ever A3 sheet-fed flatbed digital printer.
 - TiS's A4 sheet-fed flatbed digital printer was awarded the Energy Star mark.
 - TiS's UA3530 laser fax and UA3600 flatbed digital printer were recognized by the 9th Taiwan Excellence Award.
- 2002
- TiS began sale of the A3 flatbed laser MFP on the China market.
 - TiS started R&D of scanner modules, introducing new ODM business.
- 2003
- TiS launched a new generation A3 sheet-fed and A4 sheet-fed printer-based digital MFP.
 - TiS established the investee Teco Image Systems (Suzhou) Co., Ltd. on February 20, 2003 to engage in production of MFP systems and subsystems.
- 2004
- TiS worked with clients to develop color laser systems.
 - TiS launched the first generation laser fax
 - TiS established the investee Teco Image Systems (Dongguan) Co., Ltd. on March 2, 2004 to engage in production of MFP systems and subsystems.
- 2005
- TiS launched color laser MFP modules.
 - TiS launched the price-competitive monochrome laser MFP modules.
- 2006
- TiS launched color laser MFP systems.
 - TiS launched a new generation monochrome laser MFP module.
- 2007
- TiS launched the third generation A3 sheet -fed flatbed laser digital printer UA2110.
 - TiS launched the first generation Business Inkjet MFP.
 - TiS launched the fifth generation monochrome laser MFP module.
- 2008
- TiS began introduction of tandem-mode color laser MFPs
 - TiS launched two types of color laser MFP systems.
 - TiS launched two types of monochrome laser MFP modules.
- 2009
- TiS established the platform technology for the engine of A3 laser

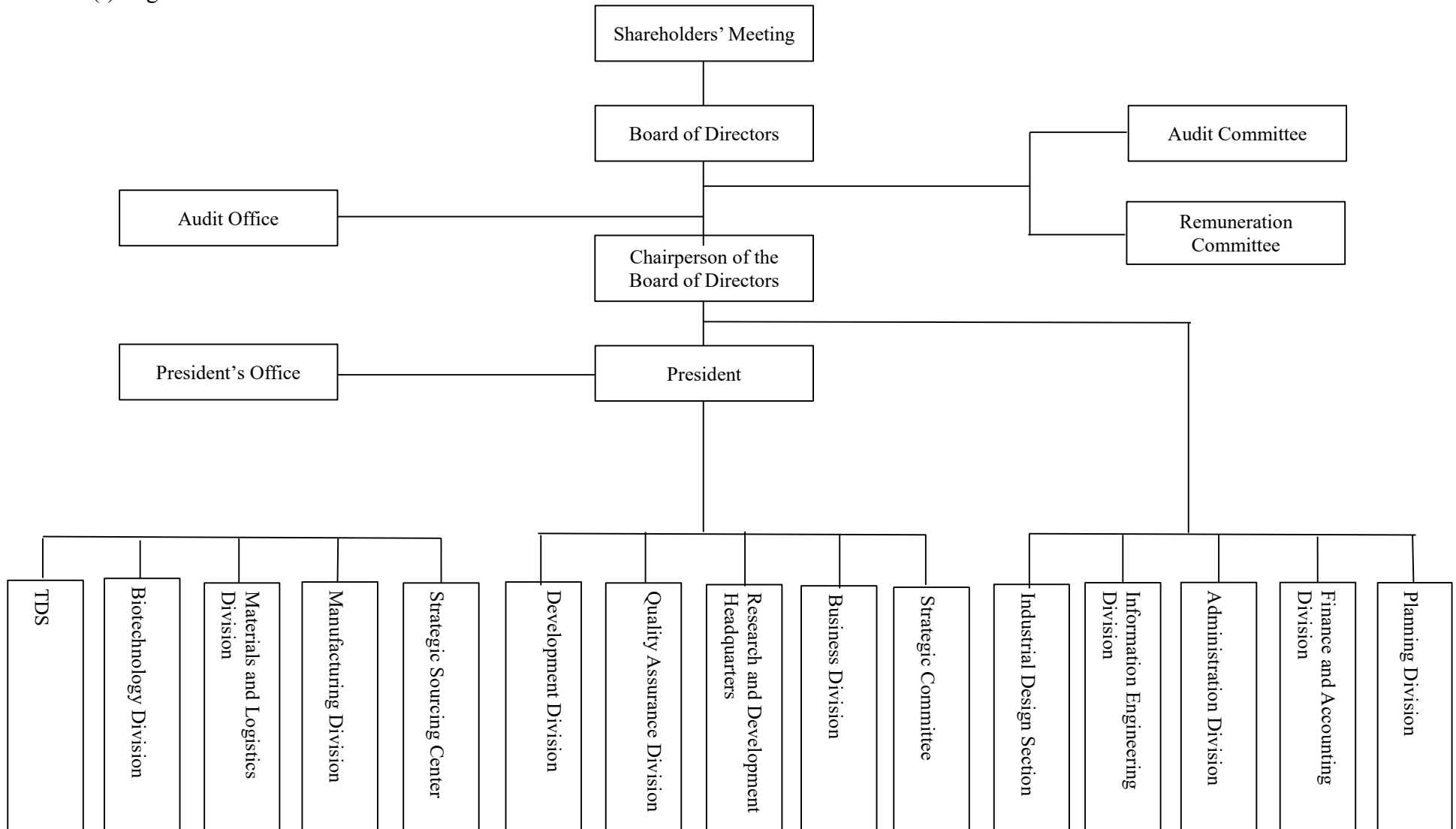
- digital printer.
- TiS launched a new generation A3 sheet-fed monochrome laser MFP module.
- TiS launched a new generation A4 sheet-fed monochrome laser MFP module.
- TiS established Teco Pro-Systems (JiangXi) Co., Ltd. Co., Ltd. to tap the China market.
- TiS Karrie Technologies (H.K.) Company Limited was established, with 51% investment from Image Holding Limited, the Company's investee, and another 49% investment from Karrie Technologies Company Limited, an investee of Karrie International Holdings Limited. Investment in China can be made via TiS Karrie Technologies (H.K.) Company Limited.
- 2010 • TiS began design and manufacturing of the A3 laser digital printer systems.
- TiS launched the first generation self-developed A3 laser digital printer.
- TiS launched a new generation of tandem-mode color laser MFPs
- 2011 • TiS launched the brand new A4 sheet-fed Mono AIO (13ppm).
- TiS launched the second generation Low cost A3 sheet-fed Mono MFP (design and manufacturing of engines).
- TiS ceased the operations of and liquidated the investee in Mainland China, Teco Image Systems (Dongguan) Co., Ltd., in September 2011. The cancellation and registration have been completed with the local government.
- 2012 • TiS launched a new generation Business Inkjet MFP.
- TiS launched the third generation Low cost A3 sheet-fed Mono MFP (design and manufacturing of engines).
- TiS launched the brand new interactive whiteboards.
- 2013 • TiS launched a new generation A3 sheet-fed monochrome laser MFP module.
- TiS launched a new generation A3 sheet-fed RADF.
- TiS started development of 3D printing technology.
- TiS established Teco Image Systems (Dongguan) Co., Ltd..
- 2014 • TiS launched the first generation 3D printer.
- TiS launched the first generation mobile print server.
- TiS launched a new generation of tandem-mode color laser MFP modules.
- Officially acted as a distributor of the JVC brand, introducing earphones, operations, and distribution channels.
- 2015 • TiS started the development of technology for wide format printers.
- TiS started the development of technology for mobile and smart scanner.
- TiS launched a new generation A3 sheet-fed monochrome laser MFP system and module.
- TiS introduced JVC projectors and camcorders to broaden the lineup.
- 2016 • TiS launched the first generation wide format printer.
- TiS launched a new generation A3 sheet-fed monochrome laser MFP module.
- 2017 • TiS started the development of technology for a new generation A3

- sheet-fed monochrome laser MFP module.
- TiS started the development of technology for industry-level inkjet engines.
- 2018 • TiS started the development of technology for industry-level label printers.
- TiS started the development of technology for a new generation laminator.
- TiS started development of 3D printing technology for production purpose.
- 2019 • TiS launched a new generation A3 sheet-fed monochrome laser MFP system and module.
- TiS launched the first generation automatic laminator.
- 2020 • TiS began shipment of the industry-level label printer developed using the 3D printing technology.
- • TiS established the development of technology for wide format cutters.
- TiS launched the first generation A3 sheet-fed monochrome laser MFP system with cloud printing function.
- 2021 • TiS were contracted with German industrial machine brands under an ODM model and began mass production of the industry-level color label printers using the 3D printing technologies.
- Commenced OEM production of wide-format cutting and plotting machines for Japan
- 2022 • The lightweight design of the UAV take-off weight of 7kg & 24.9kg has been completed, which can be applied to training, patrol inspection, reconnaissance and search, and environmental detection.
- 2023 • Development of ground station software for the drone was completed, which facilitated the successful application by governmental organizations.
- 3DP weight reduction and integrated design, introduction of customer drone design and shipment.
- Establishment of a UV ink jet prototype machine for special printing needs, such as 2D Bar Code.
- Industrial cutting machine successfully had production optimization completed and are with steady shipment and stable quality.

Three. Corporate Governance Report

I. Organizational system

(I) Organizational Chart



(II) Responsibilities of Major Divisions:

Major Division	Key Responsibilities
Audit Office	To review and assess the correctness, reliability, efficiency and effectiveness of the Company's internal control, and provide recommendations for improvement to promote efficiency and effective implementation of internal control.
President's Office	Planning and implementation of the company's operation, decision making, and management issues. Directing the company's business plans and annual management policy.
Strategic Committee	Guiding and planning the issue about major growth strategies of the Company.
Planning Division	Planning and implementation of the company's operation, decision making, and management issues. Review the operating performance of each department of the Company. Providing product information and after-sales service based on the company's product sales plan and clients' demand. Planning the strategic directions for new product development.
Finance and Accounting Division	Financial coordination and fund management between parent company and overseas subsidiaries. Accounting management of the parent company and overseas subsidiaries. Collection, preparation and analysis of accounting data, and establishment and implementation of accounting management system.
Administration Division	Human resource planning, and HR management system establishment and implementation. Establishment and implementation of general affairs, and environmental, health and safety policy.
Information Engineering Division	Establishment and implementation of management information system and digitalization of company operations.
Business Division	Development and maintenance of clients and distribution channels. By establishing connections with distributors and end customers, the Business Division understands the needs of customers in different markets as a reference for future product development. Providing product information and after-sales service based on the company's product sales plan and clients' demand.
Research and Development Headquarters	Direction of technological development and promotion of new technologies.
Quality Assurance Division	Quality inspection and analysis, cause analysis and improvement of quality abnormalities.
Development Division	Designing and developing new products according to the company's product sales plan and clients' demand. Developing clients and products, providing product information and after-sales services based on the company's product sales plan and clients' demand. Managing project development progress, quality, budget, communication and coordination with customers.

Major Division	Key Responsibilities
Strategic Sourcing Center	Work related to procurement of mechanisms and electronic materials. Annual bargaining and supplier evaluations for mechanisms and electronic materials.
Industrial Design Section	Designing and developing new products according to the company's product sales plan and clients' demand.
Manufacturing Division	Managing production costs, human resources and equipment, and executing production schedules to achieve production capacity and shipment targets.
Materials and Logistics Division	Production planning and progress control, bonding, import and export. Materials control, inventory management, receiving and dispatching of goods.
Biotechnology Division	Factory technology transfer for new products. Mass production machine management and maintenance and technical support for overseas plants.
TDS	Production technology improvement and process rationalization. Planning and execution of production and manufacturing in overseas plants. Production control, material control, and supply chain logistics.

II. Information on directors, president, vice presidents, assistant vice presidents, heads of departments and branches:

(1) Directors: - Finance

1. Director profiles

April 30, 2024

Job Title	Nationality or Country of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of Initial Election	Shareholding at the time of election		Current Number of Shares Held		Current Number of Shares Held by Spouse and Underaged Children		Shares Held in Others' Names		Professional (Educational) Experience	Concurrent positions in the Company and other companies	Other managers, directors or supervisors who are spouses of or are related within the second degree of kinship			Note (Note 2)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relation	
Chairperson of the Board of Directors	Japan	Huang Yu-jen	Male 51 - 60	09.24.2021	3	06.07.2002	478,686	0.43%	478,686	0.43%	0	0.00%	0	0.00%	M.S. in Electrical Engineering, Columbia University, USA Chairperson of the Board of Directors, Teco Image Systems	Note 1	-	-	-	-
Director	Republic of China	Fang Sung-jen	Male 51 - 60	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	25,000	0.02%	130,000	0.12%	Ph.D. in Materials Science Engineering, Stanford University, USA Vice President, United Microelectronics Corporation		-	-	-	-
Director	Republic of China	Chang Chung-te	Male 71 - 80	09.24.2021	3	06.17.2008	0	0.00%	0	0.00%	0	0.00%	0	0.00%	M.S. in Electrical Engineering, University of Texas, USA Vice Chairman, United Microelectronics Corporation		-	-	-	-
Director	Republic of China	Creative Sensor Inc.	Male 51 - 60	09.24.2021	3	06.17.2005	28,142,000	25.01%	33,408,000	29.69%	0	0.00%	0	0.00%	M.S., Institute of Regional Economics, Jinan University, Guangzhou, China Director, Koryo Electronics Co., Ltd. Advisory Committee member of Taoyuan, Hsinchu and Miaoli Regional Center, Board of Science and Technology, Executive Yuan Secretary General, ROC Money and Finance Association Consultant, Taiwan Academy of Banking and Finance Special Assistant to the Chairman of Capital Securities Corporation		-	-	-	-
	Republic of China	Wang En-kuo				07.19.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%			-	-	-	-
Director	Republic of China	KORYO ELECTRONICS CO., LTD.	Male 51 - 60	09.24.2021	3	09.24.2021	6,982,000	6.20%	11,425,000	10.15%	0	0.00%	0	0.00%	Master's Degree, National Taiwan University School of Management M.S., Electrical Engineering, National Taiwan University of Science and Technology Vice President, Creative Sensor Inc. Senior Vice President, Teco Image Systems Senior Manager, DE XIN TECHNOLOGY CO., LTD.		-	-	-	-
	Republic of China	Chen Chien-lung				07.19.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%			-	-	-	-
Director	Republic of China	Tecnos International Consultant Co., Ltd.	Male 51 - 60	02.26.2024	3	06.17.2005	6,377,052	5.67%	6,377,052	5.67%	0	0.00%	0	0.00%	PhD in Law, University of International Business and Economics, Beijing Master of Law, International Banking, School of Law, Boston University		-	-	-	-
	Republic of China	Hsieh Ying-sheng				06.16.2009	0	0.00%	0	0.00%	0	0.00%	0	0.00%			-	-	-	-
Director	Republic of China	Guangyuan Industrial Co., Ltd.	Male 71 - 80	09.24.2021	3	06.07.2005	4,771,631	4.24%	4,771,631	4.24%	0	0.00%	0	0.00%	Corporate Managers Class for Advanced Studies, National Chengchi University		-	-	-	-

Job Title	Nationality or Country of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of Initial Election	Shareholding at the time of election		Current Number of Shares Held		Current Number of Shares Held by Spouse and Underaged Children		Shares Held in Others' Names		Professional (Educational) Experience	Concurrent positions in the Company and other companies	Other managers, directors or supervisors who are spouses of or are related within the second degree of kinship			Note (Note 2)
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relation	
	Republic of China	Kao Tung-hai				06.17.2005	11,350	0.01%	11,350	0.01%	0	0.00%	0	0.00%	Chairperson of the Board of Directors, Inotec Taiwan Co., Ltd. Chairperson of the Board of Directors, YUBAN & COMPANY		-	-	-	-
Independent Director	Republic of China	Tan Yao-nan	Male 51 - 60	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	M.B.A., Carnegie Mellon University, USA J.D., University of Pittsburgh, USA Attorney at Law, New York and Washington, D.C. Independent Director, GREEN WORLD FINTECH SERVICE CO., LTD. Partner, K&L Gates Law Firm Visiting Fellow, Brookings Institution, USA		-	-	-	-
Independent Director	Republic of China	Lu Wen-tsung	Male 61 - 70	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from the Accounting Track, Department of Business Administration, National Taiwan University M.B.A., National Taiwan University Attended Technology Law Track, Soochow University, Graduate Institute of Law Auditor, Leader, Manager, Partner, PwC Taiwan CPA, PwC Taiwan Chairman, Cross-Border Innovation and Entrepreneur Association	Note 1	-	-	-	-
Independent Director	Republic of China	Hsu Wan-chi	Female 51 - 60	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Doctor of Business Administration, National Central University Associate Professor, Central Taiwan University of Science and Technology Director, YangMing Marine Transport Corp. Chairman, Small and Medium Enterprise Credit Guarantee Fund of Taiwan President, Taiwan Small & Medium Enterprise Counseling Foundation		-	-	-	-
Independent Director	Republic of China	Yang Pei-chieh	Male 61 - 70	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Laws, Institute of Police Studies, Central Police University Director, Taiwan Tea Corporation Director, HeySong Corporation Supervisor, TAI TECHNOLOGY CO., LTD. Supervisor, Golden Bridge Electech Inc. Director, Kao Hsing Chang Iron & Steel Corp Director, Southeast Cement Corporation Director, Cheng Tai Cement Plant Co. Director, Taiwan Concrete Co. Supervisor, TMMC SHIPYARD CO., LTD. Supervisor, CSB Battery Technologies CEO, Chen Ya Industry Co.		-	-	-	-

Note 1: Concurrent positions in the Company and other companies

Job Title	Name	Concurrent positions in the Company and other companies
Chairperson of the Board of Directors	Huang Yu-jen	Chairman of the Board of Directors: Creative Sensor Inc., Teco Pro-Systems (JiangXi) Co., Ltd. Co., Ltd. (Note) Director: Wuxi Creative Sensor Technology Co., Ltd., Nanchang Creative Sensor Technology Co., Ltd., Creative Sensor (USA) Co., Creative Sensor Co., Ltd. (HK), Creative Sensor Inc. (BVI) Independent Director: Genetics Generation Advancement Corp. Chief Strategy Officer: Teco Image Systems, and Creative Sensor Inc. Note: Served on December 31, 2023, but the company has been canceled in 2024. By the date of publication of the annual report, he no longer served as the company's chairman.
Director	Fang Sung-jen	Chairman: QUANTEK, INC., DARWIN SYSTEM TECHNOLOGY CORPORATION, Darwin Venture Management Co., Ltd., Da Han Investment Co., Ltd., Da Long Asset Management Co., Ltd., Darzhen Venture Corporation, Da Chun Venture Capital Corporation, Da He Er Venture Capital Co., Ltd., Affluent Asset Management Co., Ltd. Director: Tiger Faith Asset Management Limited, Zhen Fu Tai Investment Co., Ltd., Tiger Faith Asset Management Limited, TECO Electric and Machinery Co, Ltd., Cincinnati Co., Ltd., Macronix, Inc.
Director	Chang Chung-te	Independent Director: Epoch Chemtronics Corp.
Director	Wang En-kuo	Chairman: Hsin Ben Investment Co., Ltd., Nanchang Creative Sensor Technology Co., Ltd., Chu Hsi Investment Co., Ltd., You Ching Management Consulting Co., Ltd., Fugo Webcast Co., Ltd. Vice Chairman: Teco Image Systems Director: Wuxi Creative Sensor Technology CO., LTD., ProMOS Technologies Inc. Independent Director: ENERGY MOANA TECHNOLOGY CO., LTD., Ji-Haw Industrial Co., Ltd.
Director	Chen Chien-lung	Chairman: Wuxi Creative Sensor Technology CO., LTD. President: KORYO ELECTRONICS CO., LTD. Supervisor: INNOCHIP TECHNOLOGY INC.
Director	Hsieh Ying-sheng	Chairman: KROM ELECTRONICS CO., LTD., MULTILITE INTERNATIONAL CO., LTD. Director: JJIE ZHENG PROPERTY SERVICE & MANAGEMENT CO., LTD., FUJIATETSU MULTIMEDIA, INC., and VICTRON TECHNOLOGY CO., LTD. Supervisor: Century Development Corporation, KUANG YUAN CO., LTD. Other: Senior Advisor to the Board of Directors of TECO Electric and Machinery Co., Ltd.
Director	Kao Tung-hai	Chairman of the Board of Directors: YUBAN & COMPANY, KUANG YUAN CO., LTD., YUTEK ELECTRONICS CO., LTD., BLUE PACIFIC INTERNATIONAL CO., LTD., and RICH ON INTERNATIONAL INVESTMENT LIMITED Director: Inotec Taiwan Co., Ltd., TOPTEK ELECTRONICS CORPORATION, Jinglaoman Food&Beverage Co., Ltd., VICTRON TECHNOLOGY CO., LTD., KROM ELECTRONICS CO., LTD., Gao Le Food and Beverage Co., Ltd., Jollywiz Digital Technology Co., Ltd., and Tung Ho International Investment Co., Ltd.
Independent Director	Tan Yao-nan	Independent Director: GREEN WORLD FINTECH SERVICE CO., LTD., Ancang Construction Co., Ltd. Others: Attorney at Law, New York and Washington, D.C.
Independent Director	Lu Wen-tsung	Chairman: Hao Hsiang Co., Ltd.
Independent Director	Hsu Wan-chi	Others: Associate Professor, Central Taiwan University of Science and Technology
Independent Director	Yang Pei-chieh	Director: TA-I TECHNOLOGY CO., LTD., HACH CO., LTD. Independent Director: ROO HSING CO., LTD.

2. Major Shareholders of the Corporate Shareholder

April 30, 2024

Name of the Corporate Shareholder	Major Shareholders of the Corporate Shareholder
Creative Sensor Inc.	Teco Image Systems (19.39%), UNIVERSAL CEMENT CORPORATION (8.83%), Tien Da Investment Co., Ltd. (8.26%), Yu Rui Co., Ltd. (6.05%), Universal Cement Investment Co., Ltd. (6.04%), Tung An Investment Co., Ltd. (5.31%), Creative Sensor Inc. (treasury stock 4.08%), KORYO ELECTRONICS CO., LTD. (3.82%), Tecnos International Consultant Co., Ltd. (3.56%), TECO Electric and Machinery Co., Ltd. (1.43%)
KORYO ELECTRONICS CO., LTD.	Teco Image Systems (19.2%), Creative Sensor Inc. (19.07%), Multilite International Co., Ltd. (11.30%), Lu Chuan-Fu (10.95%), Tien Da Investment Co., Ltd. (9.82%), Yang Tse-Hang (2.91%), JOYCE WORLDWIDE CO., LTD. (2.91%), Yang Ching-Fen (2.34%), Huang-Lin Ho-Hui (2.22%), Huang Mao-hsiung (0.94%)
Tecnos International Consultant Co., Ltd.	TECO Electric and Machinery Co., Ltd. (100%)
Guangyuan Industrial Co., Ltd.	Huang-Lin Ho-Hui (51.58%), EAST GLORY INVESTMENT LIMITED (34.46%), BRIGHT LANE INVESTMENT LIMITED (10%), Tung Ho International Investment Co., Ltd. (0.74%), Others (3.22%)

3. Major shareholders whose major shareholders are corporates

April 26, 2024

Name of Corporates	Major Shareholders of the Corporates
Teco Image Systems	CREATIVE SENSOR INC. (29.69%), Tien Da Investment Co., Ltd. (10.45%), Tung An Investment Co., Ltd. (7.28%), KORYO ELECTRONICS CO., LTD. (10.15%), RICH ON INTERNATIONAL INVESTMENT LIMITED (9.41%), Tung An Investment Co., Ltd. (7.28%), Tecnos International Consultant Co., Ltd. (5.67%), Guangyuan Industrial Co., Ltd. (4.24%), An Tai International Investment Co., Ltd. (1.13%), Chen Hung-li (1.00%), Chiao Chin-sheng (0.53%)
UNIVERSAL CEMENT CORPORATION	Sheng Yuan Investment Co., Ltd. (10.32%), Yu Sheng Investment Co., Ltd. (10.28%), Hou Po-Yi (7.78%), Investment account with HSBC in custody of BitGinko (4.90%), Bozhi Investment Limited (4.26%), Hou Su Ching-Chien (3.42%), Standard Chartered as the custodian of DBS Bank 0600049662 (3.22%), Hou Po-Yu (2.61%), T.H. Wu Foundation (1.78%), Long Yi Chang Sand & Gravel Co., Ltd. (1.71%)
Tien Da Investment Co., Ltd.	CREATIVE SENSOR INC. (29.85%) KORYO ELECTRONICS CO., LTD. (2.27%), Teco Image Systems (25.17%), LIEN CHANG ELECTRONIC ENTERPRISE CO., LTD. (9.79%), Multilite International Co., Ltd. (6.99%), VICTRON TECHNOLOGY CO., LTD. (0.92%)
Yu Rui Co., Ltd.	Kao Shun-fa (25%), Tung An Investment Co., Ltd. (25%), Guangyuan Industrial Co., Ltd. (15%), Sunhong TECH CORP. (15%), Da Sheng Investment Ltd. (11%), Mu Qiao Investment Co., Ltd. (9%)
Universal Cement Investment Co., Ltd.	UNIVERSAL CEMENT CORPORATION (100%)
Tung An Investment Co., Ltd.	TECO Electric and Machinery Co., Ltd. (99.60%), An Tai International Investment Co., Ltd. (0.20%), Tecnos International Consultant Co., Ltd. (0.20%)
KORYO ELECTRONICS CO., LTD.	Teco Image Systems (19.2%), Creative Sensor Inc. (19.07%), Multilite International Co., Ltd. (11.30%), Lu Chuan-Fu (10.95%), Tien Da Investment Co., Ltd. (9.82%), Yang Tse-Hang (2.91%), JOYCE WORLDWIDE LTD. (2.91%), Yang Ching-Fen (2.34%), Huang-Lin Ho-Hui (2.22%), Huang Mao-hsiung (0.94%)
Tecnos International Consultant Co., Ltd.	TECO Electric and Machinery Co., Ltd. (100%)

Name of Corporates	Major Shareholders of the Corporates
TECO Electric and Machinery Co., Ltd.	PJ Asset Management Co., Ltd. (17.45%), Walsin Lihwa (10.81%), Jia Yuan Investment Ltd. (5.29%), Capital Tip Customized Taiwan Select High Dividend ETF account (2.69%), Ho Yuan International Investment Co., Ltd. (2.36%), Creative Sensor Inc. (2.20%), EAST GLORY INVESTMENT LIMITED (1.50%), Guangyuan Industrial Co., Ltd. (1.25%), Ying Yi International Investment Co., Ltd. (1.05%), YUBAN INTERNATIONAL INVESTMENT CO., LTD. (0.98%)
Creative Sensor Inc.	Teco Image Systems (19.39%), UNIVERSAL CEMENT CORPORATION (8.83%), Tien Da Investment Co., Ltd. (8.26%), Yu Rui Co., Ltd. (6.05%), Universal Cement Investment Co., Ltd. (6.04%), Tung An Investment Co., Ltd. (5.31%), Creative Sensor Inc. (treasury stock 4.08%), KORYO ELECTRONICS CO., LTD. (3.82%), Tecnos International Consultant Co., Ltd. (3.56%), TECO Electric and Machinery Co., Ltd. (1.43%)
Multilite International Co., Ltd.	Guangyuan Industrial Co., Ltd. (22.28%), JOYCE INVESTMENT CORP. (18.38%), JOYCE WORLDWIDE LTD. (15.19%), Huang Mao-Hsiung (10.04%), EAST GLORY INVESTMENT LIMITED (9.88%), Lin Hsin-Pei (5.11%), Chang Li-Chun (3.80%), Huang-Lin Ho-Hui (3.74%), Chang Li-You (3.74%), Chang Bing-Yen (2.27%)
Guangyuan Industrial Co., Ltd.	Huang-Lin Ho-Hui (51.58%), EAST GLORY INVESTMENT LIMITED (34.46%), BRIGHT LANE INVESTMENT LIMITED (10%), Tung Ho International Investment Co., Ltd. (0.74%), Others (3.22%)
JOYCE WORLDWIDE LTD.	Ming Cheng Investment Co., Ltd. (75.75%), Kai Yue Industries Co., Ltd. (17.25%), Others (7%)
EAST GLORY INVESTMENT LIMITED	Guangyuan Industrial Co., Ltd. (39.28%), Huang-Lin Ho-Hui (35.01%), BRIGHT LANE INVESTMENT LIMITED (12.73%), Tung Ho International Investment Co., Ltd. (6.00%), Others (6.98%)
BRIGHT LANE INVESTMENT LIMITED	Teng Mei-Ling (100%)
Tung Ho International Investment Co., Ltd.	Huang Shang-li (25.89%), Wang Guangyuan Industrial Co., Ltd. (19.5%), Wang Po-Yuan (20%), Guangyuan Industrial Co., Ltd. (29.5%), Huang Yu-jen (17.78%), Others (6.83%)

4. Disclosure of Professional Qualifications of Directors and Independence of Independent

Directors:

Qualification Name	Professional Qualifications and Experience	Independence	Number of other public companies for which the independent director concurrently serve as an independent director
Huang Yu-jen	Lecturer or above in business, law, finance, accounting or related technology required for the company's business at public or private universities or colleges Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 3, 4, 6, 9, 10, 11 and 12 Serves as the Company's Chief Strategy Officer and the Chairman of the Board of Directors of an affiliated company -- CREATIVE SENSOR INC.	1
Fang Sung-jen	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1, 3, 4, 5, 6, 7, 9, 10, 11 and 12 Serves as the Chairman of the Board of Directors of the Company's financial asset -- Da He Er	0
Chang Chung-te	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12	1

Qualification Name	Professional Qualifications and Experience	Independence	Number of other public companies for which the independent director concurrently serve as an independent director
Wang En-kuo, Representative of Creative Sensor Inc.	Lecturer or above in business, law, finance, accounting or related technology required for the company's business at public or private universities or colleges Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 3, 4, 5, 6, 9, 10, and 11	2
KORYO ELECTRONICS CO., LTD. Chen Chien-lung, Representative	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1, 3, 4, 6, 7, 9, 10 and 11 Serves as President of KORYO ELECTRONICS CO., LTD., a shareholder holding over 5% of the shares	0
Representative of Tecnos International Consultant Co., Ltd.: Hsieh Ying-sheng	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1, 3, 4, 5, 6, 7, 8, 9, 10 and 11	0
Kao Tung-hai, Representative of Guangyuan Industrial Co., Ltd.	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1, 3, 4, 5, 6, 7, 8, 9, 10 and 11	0
Tan Yao-nan	Work experience required for business, law, finance, accounting or corporate business	Compliance with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" regarding independence.	2
Lu Wen-tsung	Certified professional and technical personnel who have passed the national examination for accountants Work experience required for business, law, finance, accounting or corporate business	●The member, their spouse, or relative within the second degree of kinship does not serve as a director, supervisor or employee of the company or its affiliates;	0
Hsu Wan-chi	Work experience required for business, law, finance, accounting or corporate business	●The member, their spouse, or relative within the second degree of kinship does not hold shares of the Company (or under any other's name);	0
Yang Pei-chieh	Work experience required for business, law, finance, accounting or corporate business	●Not a director, supervisor or employee of a company with which the Company has a specific relation; ●Did not provide the Company or its affiliates paid business, legal, financial or accounting services in the past 2 years.	1

Note: Independence criteria:

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)

- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (Does not apply if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company, and if the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or relative within the second degree of kinship of other directors.
- (11) Not under any of the circumstances specified in Article 30 of the Company Act.
- (12) Not elected as a government agency, a juristic person or their proxy as provided in Article 27 of the Company Act.

5. Diversity and Independence of the Board of Directors:

- (1) Diversity of the Board: The Company's "Code of Corporate Governance Practices" stipulates a policy on diversity of board members:

The composition of the Board of Directors shall take into account diversity. The number of directors who concurrently serve managers of the Company shall not exceed one-third of the total number of directors; also, the Company shall formulate an appropriate diversity policy with respect to its operation, business model and development needs, including but not limited to the following two major criteria:

- I. Basic criteria and values: gender, age, nationality and culture, etc.
- II. Expertise and skills: Professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

The members of the Board shall generally possess the knowledge, skills and qualities necessary to carry out their duties. To achieve the desired objectives of corporate governance, the Board as a whole shall have the following competencies:

- I. Leadership.
- II. Decision making ability.
- III. International market knowledge.
- IV. Industry knowledge.
- V. Crisis management.
- VI. Operations and management.
- VII. Accounting and financial analysis.
- VIII. Operational judgment.
- IX. Environmental sustainability.
- X. Social participation.

The implementation of the diversity policy is stated as follows:

	Huang Yu-jen	Fang Sung-jen	Chang Chung-te	Wang En-kuo	Chen Chien-lung	Kao Tung-hai	Hsieh Ying-sheng	Tan Yao-nan	Lu Wen-tsung	Hsu Wan-chi	Yang Pei-chieh
Job Title	Chairperson of the Board of Directors	Director	Director	Vice Chairman of the Board of Directors	Director	Director	Director	Independent Director	Independent Director	Independent Director	Independent Director
Gender	Male	Male	Male	Male	Male	Male	Male	Male	Male	Female	Male
Nationality	Japan	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China

	Huang Yu-jen	Fang Sung-jen	Chang Chung-te	Wang En-kuo	Chen Chien-lung	Kao Tung-hai	Hsieh Ying-sheng	Tan Yao-nan	Lu Wen-tsung	Hsu Wan-chi	Yang Pei-chieh
Age	51-60	51-60	71-80	51-60	51-60	71-80	51-60	51-60	61-70	51-60	61-70
Serving as an employee of the Company concurrently	V										
Professional knowledge and ability											
Commerce	V	V	V	V	V	V	V	V	V	V	V
Technology	V	V	V		V		V				
Finance/Accounting						V		V	V	V	V
Laws						V	V	V			V
Marketing	V			V	V	V	V			V	
Information security					V	V					
Ability and experience											
Leadership	V	V	V	V	V	V	V	V	V	V	V
Decision making ability	V	V	V	V	V	V	V	V	V	V	
International market prospective	V	V	V	V	V	V	V	V	V	V	V
Industry knowledge	V	V	V		V	V	V			V	
Crisis management	V	V	V	V	V	V	V	V	V	V	V
Accounting and financial analysis	V	V			V	V	V	V	V	V	V
Operational judgment	V	V	V		V	V	V	V	V	V	
Environmental sustainability	V	V	V	V	V	V	V				
Social participation	V	V		V	V	V	V	V		V	

The current board of directors of the Company consists of 11 directors, including 4 independent directors (36%). The members have experience in the areas of law, accounting, business and education. The Company's 4 independent directors all hold the term of office less than 3 years, and also include 1 female independent director. The Company places importance on gender equality among the Board members. Meanwhile, it has achieved a specific management objective of diversifying the Board of Directors.

(2) Independence of the board of directors:

The Company currently has 4 independent directors and 7 general directors, among which independent directors account for 36%. None of the directors and independent directors of the Company are related to each other as provided in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, and none of the directors and independent directors are related to each other as spouses or within the second degree of kinship.

(II) Information on directors, president, vice presidents, assistant vice presidents, heads of departments and branches:

April 30, 2024

Job Title	Nationality	Name	Gender	Date of Election (Appointment)	Number of Shares Held		Number of Shares Held by Spouse and Underaged Children		Shares Held in Others' Names		Professional (Educational) Experience	Concurrent positions in other companies	Managers who are spouses or related within the second degree of kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relation	
President	Japan	Kanji Wada	Male	2021.03	0	0.00%	0	0.00%	0	0.00%	Modern Controlling Theory of Institute of Engineering Keio-Gijyuku University Direct Link Co.,Ltd. Senior Executive Officer	Adviser: N.GeN Corporation	-	-	-	
Vice President of Operations	Taiwan	Li Li-chiu	Female	2022.01	180,017	0.16%	0	0.00%	0	0.00%	Master's degree, Andrew Jackson University, USA Bachelor's degree, Department of International Trade, Lan Yang Institute of Technology	Director, Image Systems International Co., Ltd. Director, Koryo Electronics Co., Ltd.	-	-	-	
Assistant Vice President	Taiwan	Chen Cheng-yuan	Male	2023.11	168,076	0.15%	0	0.00%	0	0.00%	Master of Mechanical Engineering, National Chiao Tung University	-	-	-	-	

III. Remuneration paid to directors, president and vice presidents for the most recent year

(1) Remuneration to the general and independent directors

Unit: NT\$ Thousand

No.	Job Title	Name	Remuneration of directors								Total of A, B, C and D as a percentage of net income (%)		Remuneration received as part-time employee								Total A, B, C, D, E, F and G as a percentage of net income after tax		Remuneration received from a investee business outside of subsidiaries or from the parent company
			Remuneration (A)		Retirement Pension (B)		Remuneration of Director (C) (Note)		Business execution fees (D)				Salaries, bonuses, special allowances, etc. (E)		Retirement Pension (F)		Employee Compensation (G)						
			The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
																	Amount of Cash	Amount of Stocks	Amount of Cash	Amount of Stocks			
1	Chairperson of the Board of Directors	Huang Yu-jen	4,560	4,560	0	0	187	187	210	210	4,957 69.64%	4,957 69.64%	7,227	7,227	0	0	36	0	36	0	12,220 171.68%	12,220 171.68%	16,270
2	Director	Fang Sung-jen																					
3	Director	Chang Chung-te																					
4	Director	Creative Sensor Inc. Representative: Wang En-kuo																					
5		KORYO ELECTRONICS CO., LTD. Representative: Chen Chien-lung																					
6	Director	Tecnos International Consultant Co., Ltd. Representative: Hsieh Ying-sheng																					
7		Representative: Ho Chi-yin (Note 1)																					
8		Guangyuan Industrial Co., Ltd. Representative: Kao Tung-hai																					
9	Director																						
10	Director																						
11	Director																						
12	Director																						
13	Independent Director	Tan Yao-nan	4,320	4,320	0	0	25	25	240	240	4,585 64.41%	4,585 64.41%	0	0	0	0	0	0	0	4,585 64.41%	4,585 64.41%	0	
14	Independent Director	Lu Wen-tsung																					
15	Independent Director	Hsu Wan-chi																					
16	Independent Director	Yang Pei-chieh																					
1. Please describe the policy, system, standard and structure of the remuneration to independent directors, and the association with the amount of remuneration based on the responsibilities, risks, time invested and other factors: According to the Company's "Articles of Incorporation," the Remuneration Committee is authorized to determine based on the level of participation in the operation of the Company and the value of the contribution, and in reference to the industry standard at home and abroad, and then reported to the Board of Directors for resolution. If there is profit in the current year, the Board of Directors may resolve to set aside no more than 5% of the profit as the remuneration to directors in accordance with the Company's Articles of Incorporation. The Company has also established the "Regulations Governing Payment of Remuneration to Directors." The related performance evaluation and the reasonableness of the remuneration are all reviewed by the Remuneration Committee and the Board of Directors.																							
2. Compensation received by directors for providing service (e.g. consultancy service without the title of an employee in the parent company/all companies included in the financial statements/investees) in the most recent year, except those disclosed in the above table: NT\$438,871																							

Note 1: TECO International Investment Co. Ltd. reappointed Hsieh Ying-sheng on February 26, 2024, as the director representing institutional shareholder.

Remuneration Brackets

Brackets of remuneration payable to the Company's directors	Name of the director (Note)			
	Total of the first four remuneration items (A+B+C+D)		Total of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial statements H	The Company	All companies listed in the financial statements I
Less than NT\$1,000,000	1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12	1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12	2, 3, 4, 6, 7, 8, 9, 10, 11, 12	2, 3, 4, 6, 7, 8, 9, 10, 11, 12
NT\$1,000,000 to NT\$1,999,999	13, 14, 15, 16	13, 14, 15, 16	13, 14, 15, 16	13, 14, 15, 16
NT\$2,000,000 to NT\$3,499,999	5	5	5	5
NT\$3,500,000 to NT\$4,999,999				
NT\$5,000,000 to NT\$9,999,999			1	1
NT\$10,000,000 to NT\$14,999,999				
Total	16	16	16	16

(II) Remuneration for the President and Vice Presidents -

Unit: NT\$ Thousand

Job Title		Name	Salary (A)		Retirement Pension (B)		Bonuses and Special Allowances, etc. (C)		Employee Compensation Amount (D)				Total A, B, C and D as a percentage of net income after tax (%)		Remuneration received from a investee business outside of subsidiaries or from the parent company
			The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
									Amount of Cash	Amount of Stocks	Amount of Cash	Amount of Stocks			
1	President	Kanji Wada	15,866	16,346	0	0	2,253	2,253	67	0	67	0	18,186 255.49%	18,666 262.24%	17,378
2	Vice President of Operations	Li Li-chiu													
3	Chief Strategy Officer	Huang Yu-jen													

Remuneration Brackets

Brackets of remuneration payable to the Company's president and vice presidents	Names of the president and vice presidents	
	The Company	All companies listed in the financial statements
Less than NT\$1,000,000		
NT\$1,000,000 to NT\$1,999,999		
NT\$2,000,000 to NT\$3,499,999		
NT\$3,500,000 to NT\$4,999,999	3	3
NT\$5,000,000 to NT\$9,999,999	1, 2	1, 2
NT\$10,000,000 to NT\$14,999,999		
NT\$15,000,000 to NT\$29,999,999		
Total	3	3

Note: Represented with the number of each manager

(III) Names of managers who receive employee compensation and status of distribution

Unit: NT\$ Thousand

	Job Title	Name	Amount of Stocks	Amount of Cash (Note)	Total	Total amount as a percentage of net income after tax (%)
Manager	Chief Strategy Officer	Huang Yu-jen	0	108 (estimated)	108 (estimated)	1.52%
	President	Kanji Wada				
	Vice President of Operations	Li Li-chiu				
	Assistant Vice President	Chang Chen-Cheng (Note 2)				
	Assistant Vice President	Chen Cheng-yuan (Note 3)				
	Finance Manager	Yan Chun-Mei (Note 4)				
	Accounting Director	Hsu Cheng-Chen				

Note 1: The amount of employee compensation (including stock and cash) approved by the board of directors to be distributed to managers for the most recent year is included. If the amount cannot be estimated, the proposed distribution for this year shall be calculated in proportion to the actual amount distributed last year. Net income after tax represents the net income after tax of the most recent year;

Note 2: Assistant Vice President Chang Chen-cheng resigned on February 29, 2024.

Note 3: Assistant Vice President Chen Cheng-yuan took office on November 1, 2023.

Note 4: Chun-Mei Yan, the financial manager, took office on March 17, 2023

(IV) Total of the compensation paid in the most recent two years by the Company and all companies included in the financial statements to the Company's directors, supervisors, President, and vice presidents, and their respective proportions to the net income, as well as the policies, standards and packages by which the compensation was paid, the procedures through which compensation was determined, and their association with business performance and future risk:

1. Analysis of total compensation, as a percentage of net income, as paid by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, President and vice presidents:

Year	Remuneration of directors		President and vice presidents	
	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements
2023	134.05%	134.05%	255.49%	262.24%
2022	20.15%	20.15%	30.68%	31.43%

2. The ratio of directors's remunerations to the net income decreased in 2023 from 2022:

- (1) The directors's remunerations provided pursuant to the Articles of Incorporation, are based on the balance of net income before tax deducting the profit before distribution of employees, directors's remunerations, and setting aside the reserves to offset the cumulative deficit.
- (2) As the world was affected by the risks of high inflation, high interest rates, and economic downturn, the post-pandemic recovery in Mainland China less than the expectation, and geopolitical risks such as the US-China tech war, the Russia-Ukraine war, and the Israel-Palestine war, continued to intensify the weak economic trend globally in 2023. The Company's operating revenue declined in 2023 from the previous year, and the overall net income was NT\$7.110 million. As a result, the ratio of compensation to directors in the net income declined in 2023 from 2022.

3. Policies, standards and packages by which the compensation was paid to directors, the procedures through which compensation was determined, and their association with business performance and future risk:

(1) Policies, standards and packages of compensation

The compensation and remuneration to the directors (including independent directors) are handled in accordance with the Articles of Incorporation of the Company, and the "Regulations Governing Payment of Remuneration to Directors" approved by the Board of Directors.

Remuneration to directors: The Board of Directors is authorized to determine the remuneration based on the directors' participation in the Company's management and contribution value, and in reference to the industry standard at home and abroad.

Remuneration to directors: When the Company retains earnings, the remuneration shall be paid based on the contribution percentage defined in the Articles of Incorporation.

Attendance fee of directors: Paid according to the frequency of the director's attendance at the Board meetings, Remuneration Committee meetings, and Audit Committee meetings.

(2) Procedures through which compensation was determined

According to the Articles of Incorporation, where the Company retains earnings in a given year, the Company shall first use such earnings to offset previous deficits and then allocate no more than 5% of the remaining balance (i.e. the pre-tax value before deducting employee compensation and directors remuneration), if any, as employee compensation.

The remuneration and attendance fees are paid to the directors in accordance with the Articles of Incorporation of the Company, and the "Regulations Governing Payment of Remuneration to Directors" approved by the Board of Directors.

(3) Association with operating performance and future risks:

The remuneration to the directors of the Company is paid based on the annual profit of the Company in accordance with the Articles of Incorporation and, therefore, is closely related to the operating performance. Meanwhile, the Company has established the "Regulations Governing Payment of Remuneration to Directors," and the Remuneration Committee will review the system based on directors' participation in the Company's operations, contribution value and due diligence, and in reference to the industry standard at home and abroad.

4. The ratio of remuneration to president and vice presidents to the net income increased in 2023 from 2022, mainly because:

(1) The Company pays the remunerations to the president and vice presidents based other their participations in, and contributions to the Company's operation, while referring to the peers' level and the connections to the future risks.

(2) Same as the remuneration to directors, as the world was affected by the risks of high inflation, high interest rates, and economic downturn, the post-pandemic recovery in Mainland China less than the expectation, and geopolitical risks such as the US-China tech war, the Russia-Ukraine war, and the Israel-Palestine war, continue to intensify the weak economic trend globally in 2023. The net income, NT\$7.11 million, in 2023 declined from that in 2022. Therefore, the compensation to president and vice presidents in the net income increased from 2022.

5. Policies, standards and packages by which the compensation was paid to president and vice president, the procedures through which compensation was determined, and their association with business performance and future risk:

(1) Policies, standards and packages of compensation

The president's and vice presidents' salary structure is divided into two categories, namely fixed salary and variable salary. The fixed salary refers to the monthly salary, while the variable salary refers to the remuneration and year-end bonus to employees.

The remuneration and year-end bonus to the president and vice presidents are determined based on their contribution to the Company's operations, and also the employee performance grade for the current year as determined in accordance with the regulations governing employees'

performance management. The Audit Committee shall propose the remuneration and bonus. Then, the remuneration and bonus may be paid upon approval of the Board of Directors.

(2) Procedures through which compensation was determined

According to the Company's Articles of Incorporation, if the Company makes a profit in the final accounts, it shall allocate 5%~15% of the profit as employee compensation and distribute it. However, if the Company still has accumulated losses, it shall first reserve an amount to offset the losses, and then appropriate it on a pro rata basis as the remuneration to employees.

The Company determines the amount of year-end bonus based on the annual operating performance each year. The distribution rules shall be subject to approval by the Chairman, and the total amount as distributed shall be in line with the annual budget approved by the Board of Directors.

(3) Association with operating performance and future risks:

The review on the payment standards and system related to the Company's remuneration policy takes into account the overall operating conditions of the Company, and the payment standards are authorized subject to the performance achievement rate and contribution level, in order to improve the overall organizational effectiveness of the Board of Directors and management departments. The Company takes the remuneration standards applicable in the industry into account, in order to ensure that the salary paid to the Company's management is competitive in the industry and to retain outstanding management talents.

The Company has set forth the managers' remuneration payment standards providing that the remuneration should be paid to the management based on the managers' participation in the Company's operations and management and contribution value, and by taking into account the risks to be borne by the Company and whether there are significant changes in the Company's operating overview and business performance.

IV. Corporate Governance Report

(I) The state of operations of the board of directors:

The Board of Directors held 6 meeting in the most recent year. The directors' attendance is as follows:

Job Title	Name	Times of attendance in person (either as a non-voting participant or a voting participant) B	Attendance by proxy	Rate of Attendance in person (either as a non-voting participant or a voting participant) (%) [B/A]	Note
Chairperson of the Board of Directors	Huang Yu-jen	6	0	100%	None
Director	Fang Sung-jen	5	1	83%	None
Director	Chang Chung-te	5	1	83%	None
Director	Creative Sensor Inc. Representative: Wang En-kuo	6	0	100%	None
Director	Koryo Electronics Co., Ltd. Representative: Chen Chien-lung	6	0	100%	None
Director	TECO International Investment Co. Ltd. Representative: Ho Chi-yin	5	1	83%	None
Director	Kuang Yuan Co., Ltd. Representative: Kao Tung-hai	6	0	100%	None
Independent Director	Tan Yao-nan	6	0	100%	None
Independent Director	Lu Wen-tsung	6	0	100%	None
Independent Director	Hsu Wan-chi	5	1	83%	None
Independent Director	Yang Pei-chieh	6	0	100%	None

Other matters that require reporting:

- If any of the following circumstances apply to the operation of the board of directors' meeting, the date, term, contents of the motions, the opinions of all independent directors and the Company's handling of the opinions of the independent directors shall be stated:
 - (1) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to the Audit Committee operation specified in this annual report. All independent directors agreed on all motions.
 - (2) In addition to the foregoing, other resolutions passed at a meeting of the board of directors about which any independent director expresses an objection or reservation that has been included in records or stated in writing: None.
- Directors' recusal of discussed matters with personal interest at a board meeting -- the names of the directors, contents of the motions, reasons for recusal and circumstances of participation in the vote shall be stated: None.

3. Implementation of evaluations on the Board of Directors and functional committees:

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Evaluation results description:
Once a year	January 1, 2023~December 31, 2023	Board of Directors, individual board members, functional committees	Self-evaluation by the board of directors, self-evaluation by the board members and self-evaluation by the functional committees	(I) Board performance evaluation: 1. Level of involvement in the company's operations 2. Improvement of the quality of board decisions 3. Composition and structure of the board of directors

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Evaluation results description:
				4. Election of directors and continuing education 5. Internal control (II) Self-evaluation of board members 1. Mastery of company goals and tasks 2. Awareness of directors' responsibilities 3. Level of involvement in the company's operations 4. Internal relations management and communication 5. Directors' professional competence and continuing education 6. Internal control (III) Self-evaluation by the Audit Committee: 1. Level of involvement in the company's operations 2. Awareness of responsibilities of the committee 3. Improvement of committee decision quality 4. Committee composition and selection of members 5. Internal control (IV) Self-evaluation by the Remuneration Committee: 1. Level of involvement in the company's operations 2. Awareness of responsibilities of the committee 3. Improvement of committee decision quality 4. Committee composition and selection of members
I. Evaluation results description: 1. The Board of Directors' performance self-evaluation result: 45 indicators in five major areas, with the evaluation result showing "Excellent (4.90)." 2. The Board members' performance self-evaluation result: 23 indicators in six major areas, with the evaluation result showing "Excellent (4.97)." 3. The Audit Committee's performance self-evaluation result: 22 indicators in six major areas, with the evaluation result showing "Excellent (4.94)." 4. The Remuneration Committee's performance self-evaluation result: 19 indicators in four major areas, with the evaluation result showing "Excellent (4.93)." II. Conclusion The results of these self-evaluations show that the Board of Directors has been responsible for properly guiding and supervising the Company's strategies, major business and risk management, and that the overall operation is sound and meets the requirements of corporate governance.				

4. Evaluation on enhancement of the functionality of the Board of Directors in the current and the most recent year and the respective progress reports:

- (1) On December 20, 2011, the Company established the Remuneration Committee, which shall be responsible for the policy, system, standard, and structure, assessment, and determination of the remuneration and salary to directors and managerial officers.
- (2) On June 24, 2010, the Company established the Audit Committee, which shall be responsible for all matters and duties assigned to supervisors by the Securities and Exchange Act, the Company Act, and other laws, except the matters and duties specified in Paragraph 4, Article 14-4 of the Securities and Exchange Act. The matters and duties specified in Paragraph 4, Article 14-4 of the Securities and Exchange Act that are assigned to supervisors, either to be a representative of the Company or to act as a supervisor, shall be assigned to the members of independent directors of

the Audit Committee.

- (3) Continuing education of directors: In addition to encouraging directors to pursue continuing education on their own, the Company regularly arranges trainers to teach some courses to directors and supervisors every year to expand their knowledge continuously and achieve better interactive effects. In 2023, they have attended the continuing education for a total of 69 hours. Meanwhile, the Company also contracted Taiwan Corporate Governance Association to organize the "Practical Issues about Non-Arm's Length Transactions to be Noted by Directors and Supervisors" and Independent Directors Association Taiwan to organize the "Trend and Development of AI Security Governance and Supervisory Regulations for Digital Transformation."
- (4) Directors liability insurance: In order to protect directors against the risks to they assume in the execution of their business, the Company takes out directors liability insurance for its directors every year, regularly reviews the contents of the policy to ensure that the limit of indemnity and coverage meet the needs, and reports to the Board of Directors.
- (5) The Company has established the "Performance Evaluation Measures of the Board of Directors and Functional Committees." After each year's performance evaluation, the executive unit of the Board of Directors shall compile and analyze the data and submit an evaluation report to the Board of Directors. The evaluation of the Board of Directors' performance for the year 2023 has been completed.

(II) Operation of the Audit Committee:

Matters mainly considered by the Audit Committee are as follows

- Financial statements.
- Internal control system and related policies and procedures, and assessment of effectiveness.
- Compliance with Article 36-1 of the Securities and Exchange Act.
- Major asset or derivative transactions.
- Lending, endorsement or guarantee of major funds
- Matters involving directors' personal interests
- Raising, issuing or private placement of securities with equity nature
- Appointment, discharge, or compensation of a CPA.
- Appointment and removal of the head of finance, accounting or internal audit.

Professional qualifications and experience of the Audit Committee

Qualification Name	Professional Qualifications and Experience
Tan Yao-nan	Work experience required for business, law, finance, accounting or corporate business
Lu Wen-tung	Certified professional and technical personnel who have passed the national examination for accountants Work experience required for business, law, finance, accounting or corporate business
Hsu Wan-chi	Work experience required for business, law, finance, accounting or corporate business
Yang Pei-chieh	Work experience required for business, law, finance, accounting or corporate business

In the most recent year (2023), the Audit Committee convened five meetings, and the attendance of independent directors was as follows:

Job Title	Name	Attendance in person Frequency (B)	Attendance by proxy Frequency	Actual attendance rate (%) (B/A)	Note
Independent Director	Tan Yao-nan	5	0	100%	
Independent Director	Lu Wen-tsung	5	0	100%	
Independent Director	Hsu Wan-chi	5	0	100%	
Independent Director	Yang Pei-chieh	5	0	100%	

Other matters that require reporting:

1. If any of the following circumstances apply to the operation of the Audit Committee, the date and term of the meeting, contents of the motions, contents of objections, reservations or material recommendations from the independent directors, Audit Committee resolution and the Company's handling of the Audit Committee's opinion shall be stated:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date of Audit Committee	Term	Content of the Motion	Independent directors' dissenting opinions, reservations or significant recommendations	Audit Committee resolution	The Company's handling of the Committee's opinions
March 17, 2023	2nd term 8th meeting	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	Submitted to the Board meeting and approved by all directors present at the meeting.
		Internal audit report			
		2022 business report and financial statements			
		2022 earnings distribution			
		Presenting the 2022 "Statement of Internal Control System"			
		Appointment of and remuneration to independent auditors			
		Personnel change to the senior executives			
		Startup investment project			
May 9, 2023	2nd term 9th meeting	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	Submitted to the Board meeting and approved by all directors present at the meeting.
		Internal audit report			
		2023 Q1 financial statements			
August 9, 2023	2nd term 10th meeting	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	Submitted to the Board meeting and approved by all directors present at the meeting.
		Internal audit report			
		2023 Q2 financial statements			
		Disposal of securities			
November 1, 2023	2nd term 11th meeting	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	Submitted to the Board meeting and approved by all directors present at the meeting.
		Internal audit report			
		2022 Q3 financial statements			
		The Audit Plan for 2023			

Date of Audit Committee	Term	Content of the Motion	Independent directors' dissenting opinions, reservations or significant recommendations	Audit Committee resolution	The Company's handling of the Committee's opinions
December 15, 2023	2nd term 12th meeting	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	Submitted to the Board meeting and approved by all directors present at the meeting.
		Internal audit report			
		2023 financial budget			
		Appointment of and remuneration to independent auditors, and evaluation on their independence			

(2) Other than the foregoing, resolved matters not approved by the Audit Committee and approved by two-thirds or more of all directors: None

2. Independent directors' recusal of discussed matters with personal interest at a board meeting -- the names of the independent directors, contents of the motions, reasons for recusal and circumstances of participation in the vote shall be stated: None.

3. Communication between independent directors, the head of internal audit, and the CPAs:

The independent directors may communicate with the head of internal audit and CPAs at any time regarding the Company's finances and businesses, and receive reports on various business matters from the directors and management and participate in discussions and decision making when attending board meetings.

(1) Communication between independent directors and the head of internal audit:

- The head of audit submits the audit report to all Audit Committee members for review by the end of the month following the completion of the audit project.
- The audit director attends every audit committee meeting to report on the status of audit and to communicate in person with the independent directors.
- The internal auditors immediately report to the independent directors if they discover any material violation of rules or if the Company is in danger of material loss.

Meeting Date	Meeting	Communication Matters	Communication Result
March 17, 2023	2nd term 8th meeting Audit Committee	Internal Audit Report for 2023 2022 "Statement of Internal Control System"	Noted Approved and Submitted to the Board of Directors for resolution
May 9, 2023	2nd term 9th meeting Audit Committee	Internal Audit Report for 2023	Noted
August 9, 2023	2nd term 10th meeting Audit Committee	Internal Audit Report for 2023	Noted
November 1, 2023	2nd term 11th meeting Audit Committee	Internal Audit Report for 2023 The Audit Plan for 2024	Noted Approved and Submitted to the Board of Directors for resolution
December 15, 2023	2nd term 12th meeting Audit Committee	Internal Audit Report for 2023	Noted

(2) Communication between independent directors and CPAs:

The Company's independent auditors report the results of the audit or review of the quarterly

financial statements and other communication matters required by relevant laws and regulations at each quarterly meeting of the Audit Committee. If there are special circumstances, they will immediately report to the Audit Committee members. None of said special circumstances took place in 2023. The communication between the Audit Committee and the independent directors is good.

Meeting Date	Meeting	Communication Matters	Communication Result
March 17, 2023	Physical communication (separate meeting)	1. The CPA gave a description of the audit status and key audit matters for the 2022 financial statements. 2. Qualification, performance and independence of the independent auditors	Noted
December 6, 2023	Communication in writing	Description on the 2023 consolidated financial statements, the audit plan for the parent company only financial statements, the risk assessment and key audit matters	Noted

(III) Differences between the Company's corporate governance implementation and the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
I. Has the Company formulated and disclosed its own corporate governance principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	√		The Company has formulated and disclosed its own corporate governance principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."	The Group adopts the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" as the basis for corporate governance.
II. Shareholding structure and shareholders' rights		√		
(I) Does the Company have internal procedures dedicated to handling shareholder proposals, inquiries, disputes and litigation matters and implement accordingly?			(I) The Group has not established such procedures, but the Company has established spokespersons, proxy spokespersons and stock affairs units to handle issues such as shareholders' proposals and disputes.	No difference
(II) Does the Company retain a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders?	√		(II) The Group keeps track of the shareholdings of directors, managers and substantial shareholders holding 5% or more of the shares and reports the shareholdings of major shareholders on a regular basis.	No difference
(III) Has the company established and implemented a risk control and firewall mechanism with its affiliates?	√		(III) The Company has established the "Rules Governing Financial and Business Matters Between Related Parties" to improve the financial and business relationships between the Group and related parties, and to prevent any non-arm's length transactions and transmission of improper benefits in purchase and sale, acquisition or disposal of assets, endorsements, guarantees, and funding between related parties.	No difference
(IV) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	√		(IV) The Company has established the "Operating Procedure for Handling Internal Material Information" to clearly state the relevant regulations. Meanwhile, the insiders will be educated on relevant laws and regulations when	No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for the differences
	Yes	No	Summary	
			they take office. Further, the Operating Procedure for Handling Internal Material Information expressly states that directors shall not trade stocks during the book closure period, i.e. 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. The Company has sent reminders before the book closure period to prevent any insider from violating the rules accidentally.	
III. Composition and duties of the Board of Directors (I) Has the Board of Directors established and implemented a diversity policy and specific management objectives? (II) Has the company voluntarily established various functional committees other than the Compensation Committee and Audit Committee as required by law?	√	√	(I) The Group's "Code of Corporate Governance Practices" sets out a diversity approach to membership and implements it. (II) In addition to the Remuneration Committee in accordance with the law and the Audit Committee after the election of independent directors at the 2020 Annual General Meeting of Shareholders (06.24.2020), the Group will evaluate the establishment of other functional committees as necessary in the future.	No difference In addition to the Remuneration Committee in accordance with the law and the Audit Committee after the election of independent directors at the 2020 Annual General Meeting of Shareholders (06.24.2020), the Group will evaluate the establishment of other functional committees as necessary in the future.
(III) Does the Company have a board of directors' performance evaluation policy and methods, conduct performance evaluation annually and regularly, and report the results of evaluation to the board of directors as reference for individual directors' salary and	√		(III) The Company has established the "Rules Governing the Performance Evaluation of the Board of Directors and Functional Committees," which stipulates that the Board of Directors shall conduct a performance evaluation at least once a year. The performance evaluation of the current year shall be conducted at the end of each year	No difference No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
remuneration and nomination for reappointment? (IV) Does the company regularly evaluate the independence of its CPAs?	√		during the internal evaluation, and the evaluation results shall be completed before the nearest board meeting to be held in the following year. The performance evaluation of the Board of Directors for the year 2023 has been completed through self-evaluation by the Board members, the scope of the self-evaluation including performance evaluation of the Board of Directors, self-evaluation of individual Board members and performance evaluation of the functional committees. The average score of the evaluation exceeded 4.9 (full score being 5), which indicates that the operation systems of the Board of Directors and the functional committees are sound and comprehensive. The results were reported to of the Board of Directors on March 5, 2024. (IV) The Company regularly evaluates the independence and competence of its independent auditors to check whether they are the Company's shareholders or paid by the Company and confirm that they are not stakeholders or involved in any litigation. Meanwhile, the Company also obtained the Declaration of Independence and the Audit Quality Indicators (AQIs) issued by the CPAs, and follow the standards in note 1 and AQI indicators in item 13. The Company's financial and accounting unit conducted the primary assessment on the independence and competence of the independent auditors. Meanwhile, upon discussion and approval by the Audit Committee (12th meeting of 2nd Audit Committee) on December 15, 2023, it was reported to the Board	No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
			of Directors (14th meeting of 10th Board of Directors) and the Board of Directors resolved to approve the assessment on the independent auditors' independence and competence on December 15, 2023.	
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer to be in charge of corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their duties, assisting directors and supervisors with legal compliance, conducting board and shareholders' meetings related matters in accordance with the laws, and preparing minutes of board and shareholders' meetings, etc.)?	√		The Group appointed Chen Yi-ting to be the Company's chief corporate governance officer responsible for promoting the corporate governance matters, per the resolution of 10th meeting of 10th Board of Directors on May 9, 2023. Its main responsibilities are to handle matters related to the Board of Directors meetings and shareholders' meetings in accordance with the law, prepare minutes of the Board of Directors and shareholders' meetings, assist directors in continuing education immediately upon their assumption of duty, provide directors with the information needed to perform their duties, assist directors in complying with laws and regulations, and strengthen the functions of the Board of Directors.	No difference
V. Has the company established channels of communication with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), designated a stakeholders section on its website, and appropriately responded to important CSR issues of concern to its stakeholders?	√		The Group has appointed a spokesperson, an acting spokesperson, and a chief corporate governance officer. The contact information has been posted on the Company's website to help direct communicate with stakeholders and allow them to understand the Company's operations. A "Stakeholders" section has also been set up on the Company's website.	No difference
VI. Does the company engage a professional shareholder services agent to handle shareholders meeting matters?	√		The Group has engaged the Agency Department of CTBC Bank to act on behalf of the Company in shareholder matters and has established the "Regulations Governing the Stock Affairs."	No difference
VII. Disclosure of information (I) Does the company have a website to disclose information about its financial	√		(I) The Group's website has "Financial Information," "Investor Services" and "Corporate Governance"	No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
operations and corporate governance? (II) Has the company adopted other means of information disclosure (such as setting up an English website, designating personnel responsible for the collection and disclosure of company information, implementing a spokesperson system, publishing the details of the investors' conference on the company's website, etc.)? (III) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	√	√	sections to fully disclose financial operations and corporate governance information. (II) The Group has a website in both English and Chinese, a dedicated person responsible for collecting and disclosing company information and a spokesperson system in place. (III) The Company publicly announces and registers with the Competent Authority its annual financial reports (within three months), first, second and third quarter financial reports (within 45 days) and monthly operating status (within the first ten days of each calendar month) in accordance with Article 36 of the Securities and Exchange Act. Due to the Group's merger, it has not yet been possible to announce and register the annual financial reports within two months after the end of the fiscal year. The financial reports for the year 2023 were announced and registered on March 26, 2024.	
VIII. Is there any other important information that can help understand the Company's operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, directors and supervisors education, implementation of risk management policies and risk measurement standards, implementation of customer	√		(I) Employee rights and employee care: The Company employs under labor conditions that are superior to the Labor Standards Act and the Employment Service Act, and fulfills its social responsibility to take care of its employees and the disadvantaged in its employment. (II) Investor relations: The Company's website has an "investors" section for investors to access information about the Company; the Company	No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
policies, and the company's purchase of liability insurance for directors and supervisors)?			also designates a spokesperson to handle shareholder suggestions. (III) Supplier relations: The Company has always maintained good relations with its suppliers. In addition to communication through procurement channels, the Company holds annual supplier meetings to connect and exchange views with suppliers. (IV) Stakeholders' rights: Stakeholders may communicate with the Company and make suggestions in order to protect their legitimate rights and interests. (V) Directors' and supervisors' continuing education: The Company's directors and supervisors have continued their education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." (Note 1) (VI) Implementation of risk management policies and risk measurement standards: Please refer to the description of "Risk Management and Evaluation" in this report (pages 80~82). (VII) Implementation of customer policy: The Company maintains a stable and good relationship with its customers in order to generate profits. (VIII) Liability insurance for all directors of the Company: For the year 2024, the Company has taken out liability insurance for all directors and managers with a coverage of USD10 million. -- AIG Taiwan: Insurance Certificate No. 2900-2331000819-12	

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for the differences
	Yes	No	Summary	
			(IX) Certification and licenses of personnel related to the transparency of financial information as specified by the competent authorities: The Company's Finance and Accounting Division is responsible for matters related to the transparency of financial information, and its personnel has passed the stock affair specialists basic competency test held by the Securities and Futures Institute and obtained certification.	
IX. Describe the improvements that have been made based the results of the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures to enhance matters that have not yet been improved.	√		The result of the 10th corporate governance evaluation of the Company in 2023 showed the range of 36% to 50%. With respect to the 10th corporate governance evaluation in 2024, the Company will prioritize the preparation of a ESG report. In the future, the Company will continue to strengthen its corporate governance, fulfill the corporate social responsibility and improve the implementation of corporate governance.	Based on the evaluation results, the Company has prioritized its efforts to comply with the Code of Corporate Governance Practice.

Note 1: Standards for evaluating the independence of CPAs

Evaluation Items	Evaluation results	Whether the independence requirement is met
Does the CPA have a direct or material indirect financial interest in the Company?	No	Yes
Does the CPA have any financing or guarantee relationship with the Company or its directors?	No	Yes
Does the CPA have a close business relationship or potential employment relationship with the Company?	No	Yes
Whether the CPA and the members of the audit team have served as directors, managers, or in positions that have significant influence on the audit work of the Company at the moment or in the past two years.	No	Yes
Has the CPA provided the Company with non-audit services that may directly affect the audit work?	No	Yes
Does the CPA engage in the brokerage of the shares or other securities issued by the Company?	No	Yes
Does the CPA act as the defender of the Company or coordinate in any conflict between the Company and other third parties?	No	Yes
Does the CPA have a family relationship with the Company's directors, managers, or persons in positions with a significant impact on the audit?	No	Yes

Note 2: 2023 directors' and managers' continuing education

Job Title	Name	Date	Course	Hours
Chairperson of the Board of Directors	Huang Yu-jen	12.19.2023	Practical Issues about Non-Arm's Length Transactions to be Noted by Directors and Supervisors	3
		12.27.2023	Trend and Development of AI Security Governance and Supervisory Regulations for Digital Transformation	3
Director	Fang Sung-jen	03.03.2023	Opportunities and challenges from circular economy	3
		06.02.2023	2023 Taishin Bank Net Zero Electricity Summit	3
Director	Chang Chung-te	09.07.2023	Technical development and business opportunities of electric vehicles and smart cars	3
		09.20.2023	Analysis on Common Illegal Cases under Securities and Exchange Act	3
Director	Wang En-kuo	09.14.2023	Mergers and acquisitions practices in Taiwan	3
		09.26.2023	Resonance of Public Opinion - Investor Relations, Media and Cooperation with the Government	3
Director	Chen Chien-lung	09.28.2023	Opportunities and Challenges of Industrial Transformation in Taiwan under Geopolitics - PMI/NMI Exclusive Analysis	3
		12.19.2023	Practical Issues about Non-Arm's Length Transactions to be Noted by Directors and Supervisors	3
		12.27.2023	Trend and Development of AI Security Governance and Supervisory Regulations for Digital Transformation	3
Director	Ho Chi-yin	09.01.2023	Exercise of the Independent Director's Professional Functions based on Profit-Seeking Thinking	3
		09.19.2023	Enterprise carbon right and carbon asset management response under the operation of global carbon trading mechanism	3
Director	Kao Tung-hai	03.27.2023	Corporate Resilience - Taiwan's Competitiveness	3
		10.27.2023	How can independent directors balance business judgment and fiduciary duty performance at the same time	3
Independent Director	Tan Yao-nan	04.11.2023	Corporate Governance and Securities Laws and Regulations	3
		04.13.2023	Business opportunities and challenges under the net zero boom	3
Independent Director	Lu Wen-tsung	09.19.2023	Enterprise carbon right and carbon asset management response under the operation of global carbon trading mechanism	3
		10.24.2023	AI applications, laws, and audit	3
Independent Director	Yang Pei-chieh	11.08.2023	Suspected insider trading cases and prevention of injury or severe legal liability for TWSE/TPEX listed companies or their insiders and related parties	3
		11.08.2023	Insider shareholding management of TWSE/TPEX listed companies - based on practices and prevention of errors that cause damages	3

Job Title	Name	Date	Course	Hours
Independent Director	Hsu Wan-chi	11.03.2023	Litigation and non-litigation - how to write well the dispute settlement clauses in contracts	3
		11.10.2023	Corporate Governance in the U.S.A.: Historical Evolution and Recent Developments	3

a. 2023 directors' and supervisors' continuing education:

b. 2023 managers' continuing education:

Job Title	Name	Date	Course	Hours
Vice President of Operations	Li Li-chiu	12.19.2023	Practical Issues about Non-Arm's Length Transactions to be Noted by Directors and Supervisors	3
		12.27.2023	Trend and Development of AI Security Governance and Supervisory Regulations for Digital Transformation	3
Director-General	Yan Chun-mei	12.08.2023	Practical measures for improving the three lines of defense of the internal control	3
		12.26.2023	The latest ESG sustainability and financial statement self-preparation related policy development and internal control management practices	3
Manager	Hsu Cheng-Chen	10.19.2023-10.20.2023	Accounting Supervisor Continuing Education Course for Issuers, Securities Dealers and Exchanges	12
Chief Corporate Governance Officer	Chen Yi-ting	09.22.2023	Responsibilities and Obligations of Enterprises, Directors and Supervisors Discussed under the Securities and Exchange Act	3
		10.13.2023	Carbon right trading mechanism and enterprise management application	3
		10.26.2023	Shareholders' Meeting, Right of Management and Equity Strategy	3
		11.17.2023	Chief Corporate Governance Officer's Compliance Practices	3
		12.19.2023	Practical Issues about Non-Arm's Length Transactions to be Noted by Directors and Supervisors	3
		12.27.2023	Trend and Development of AI Security Governance and Supervisory Regulations for Digital Transformation	3
Spokesperson	Wei Yao-ming	12.19.2023	Practical Issues about Non-Arm's Length Transactions to be Noted by Directors and Supervisors	3
		12.27.2023	Trend and Development of AI Security Governance and Supervisory Regulations for Digital Transformation	3
Acting Spokesperson	Lai Chien-i	12.19.2023	Practical Issues about Non-Arm's Length Transactions to be Noted by Directors and Supervisors	3
		12.27.2023	Trend and Development of AI Security Governance and Supervisory Regulations for Digital Transformation	3

(IV) Operation of the Remuneration Committee:

1. Remuneration Committee Member Profiles

Qualification		Professional Qualifications and Experience	Independence	Number of other public companies for which the member concurrently serve as a remuneration committee member
Identification	Name			
Independent Director (Convener)	Hsu Wan-chi	Work experience required for business, law, finance, accounting or corporate business	Complies with the provisions regarding independence in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"	0
Independent Director	Lu Wen-tung	Certified professional and technical personnel who have passed the national examination for accountants Work experience required for business, law, finance, accounting or corporate business	●The member, their spouse, or relative within the second degree of kinship does not serve as a director, supervisor or employee of the company or its affiliates; ●The member, their spouse, or relative within the second degree of kinship does not hold shares of the Company (or under any other's name); ●Not a director, supervisor or employee of a company with which the Company has a specific relation; ●Did not provide the Company or its affiliates paid business, legal, financial or accounting services in the past 2 years.	0
Others	Chen Hui-Ling	Work experience required for business, law, finance, accounting or corporate business		0

2. Duties of the Remuneration Committee

The Remuneration Committee shall faithfully fulfill the following functions and powers with the duty of a good manager according to procedures, and submits recommendations to the Board of Directors for discussion:

- (1) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial personnel.
- (2) Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial personnel.

3. Information on Operation of the Remuneration Committee

(1) The Company's 5th Remuneration Committee consists of 3 members.

(2) Term of office of current members: From November 08, 2021 to September 23, 2024. In the most recent year (2023), the Remuneration Committee convened 2 meetings (A) with the following membership and attendance.

Job Title	Name	Number of actual attendances (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Note
Convener	Hsu Wan-chi	2	0	100%	Appointed 11.08.2021 (Obligated to attend 2 meetings)
Committee member	Lu Wen-tsung	2	0	100%	Appointed 11.08.2021 (Obligated to attend 2 meetings)
Committee member	Chen Hui-Ling	2	0	100%	Appointed 11.08.2021 (Obligated to attend 2 meetings)

Other matters that require reporting:

- I. If the board of directors will decline to adopt, or will modify, a recommendation of the remuneration committee, the date and term of the board meeting, contents of the motions, the Board of Directors' resolutions and the Company's handling of the recommendation of the remuneration committee shall be stated (if the compensation approved by the board meeting is better than the recommendation of the remuneration committee, the difference and the reasons for the difference shall be stated): None.
- II. If any member of the Remuneration Committee expresses an objection or reservation that has been included in records or stated in writing, the date and term of the Remuneration Committee meeting, contents of the motions, all members' opinions, and the handling of members' opinions shall be stated: None.

(V) Differences between the Company’s implementation of sustainable development and the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the differences

Implementation Items	Implementation Status			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the differences
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of sustainable development? Has the Board of Directors appointed executive-level positions with responsibility for such matters, with the Board of Directors supervising?		√	Although the Company has not established an exclusively dedicated unit, the Administration Division is responsible for promoting the practice of sustainable development, and will do so as needed.	No significant difference
II. Does the Company, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	√		The Company has established its sustainable development best practice principles. While pursuing corporate sustainability and profitability, the Company upholds the materiality principle to promote the implementation of corporate governance, develop a sustainable environment, protect social welfare, and enhance disclosure of the information about corporate social responsibility.	No significant difference
III. Environmental issues (I) Has the company established a suitable environmental management system based on the characteristics of its industry?	√		(I) In accordance with the ISO14001 environmental management systems, the Company has established an environmental management handbook and various measures. In addition to complying with environmental regulations, the Company also aims at energy saving and carbon reduction, promoting various environment-friendly activities.	No significant difference
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	√		(II) The Company’s new product development takes into account reusing resources and energy consumption; the Company also purchases RoHS compliant components and materials to reduce burden and impact on the environment.	

Implementation Items	Implementation Status			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the differences
	Yes	No	Summary	
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures? (IV) Does the Company compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and establish policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?	√ √		(III) In accordance with the regulations, the Company has established an environmental safety implementation center and staff to promote, maintain and manage internal environment, and has formulated energy-saving and carbon-reduction and waste-reduction plans, which are all implemented in accordance with the plans. (IV) The Company's total GHG emissions in 2023 were 160.833 metric tons CO2e for Scope 1 and 798.263 metric tons CO2e for Scope 2 respectively. In 2022, the total GHG emissions were 160.833 metric ton CO2e for Scope 1 and 844.808 metric tons CO2e for Scope 2. The total water consumption was 6822.4 degrees and 8656 degrees, respectively. The total waste weights were 5.391 metric tons and 7.630 metric tons, respectively. The main source of GHG emissions was consumption of electricity, and the reduction goal was reduction by 3.5% in 2023. The electricity consumption in the year 2023 decreased by 77,544 kWh compared to the year 2022 (reduction of 5.9%). The Company will continue to promote environmental management programs in the future. Through the implementation of energy control measures and reduction of waste water/gas discharge and waste output, the carbon reduction goals are achieved.	
IV. Social issues (I) Has the Company established management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	√		(I) In accordance with the labor laws and regulations of the company's location and the purposes of international human rights conventions such as the UN Universal Declaration of Human Rights, the UN Global Compact, and the International Labor Organization Convention, the Company employs people on the basis of diversity and equality, employs disadvantaged people with	No significant difference

Implementation Items	Implementation Status			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the differences
	Yes	No	Summary	
(II) Has the company established and implemented reasonable employee benefits (including salary, vacation and other benefits) and appropriately reflected operational performance or results in employee compensation?	√		humane treatment, prohibits child labor, and does not engage in unlawful forced labor practices. Meanwhile, the Company offers reasonable wages, has an open channel for complaints, and provides a safe and healthy working environment. (II) The Company has established work rules and related personnel management regulations, which include wages, working hours, leave, pension payments, and compensation for occupational accidents for employees, all in accordance with the relevant provisions of the Labor Standards Act. The Company has established an Employee Benefits Committee to handle employee benefits. Employee compensation is based on individual abilities, contribution and performance, and is positively correlated with the Company's operating performance. The amount of compensation distributed to employees in 2023 was NT\$401,546.	
(III) Does the company provide a safe and healthy working environment for its employees and conduct regular safety and health education for the employees?	√		(III) In order to provide a safe and healthy working environment for its employees, the Company has established an Occupational Safety and Health Center to promote the implementation of occupational safety and health related work. The Company holds regular employee health checkups every year and arranges healthcare professionals to provide on-site health consultation to employees on a monthly basis in accordance with the "Regulations of the Labor Health Protection." The Company regularly conducts working environment water quality examination, labor safety courses, and fire drills to prevent accidents and provide a hygienic workplace. Number of occupational accidents in 2023: 0. In the	

Implementation Items	Implementation Status			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the differences
	Yes	No	Summary	
			future, the Company will continue to promote the four major plans of labor health protection to implement occupational safety measures and ensure employees' health. Number of fire incidents in 2023: 0. In 1H and 2H of each year, the Company will conduct fire drills with the local fire protection agency to enhance employees' awareness toward fire hazards, and also formulate the emergency response plan to maintain the employees' safety.	
(IV) Does the company have an effective career development program for its employees?	√		(IV) The company has a properly established promotion system and has planned various internal and external training courses to enhance the employees' professional capabilities, and to encourage learning and diversified development of the employees. In 2022, 27 people attended professional training courses, and several professional training courses were held within the company.	
(V) Does the company follow relevant laws and regulations and international standards, and have a policy and complaint procedure to protect the rights of consumers or customers with regard to issues such as customer health and safety, customer privacy, marketing and labeling of products and services?	√		(V) The Company has a open communication channel, with dedicated personnel to respond to customer complaints.	
(VI) Does the company have a supplier management policy that requires suppliers to follow regulations on environmental protection, occupational safety and health or labor human rights issues, and how is it implemented?	√		(VI) The Company has established the "Partner Evaluation and Management Measures" and "Environmental Management Substance Control Procedures," in which procurement, quality assurance, R&D, and engineering personnel conduct written or on-site evaluations of suppliers to ensure compliance with environmental	

Implementation Items	Implementation Status			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the differences
	Yes	No	Summary	
			protection and occupational safety and health related laws and regulations. The Company also requires suppliers to submit "Commitment of Non-use for Hazardous Substances," performs occasional environmental management practices, and evaluates labor rights, ensuring the stability and quality of materials used.	
V. Does the Company adopt internationally widely recognized standards or guidelines to produce reports, such as sustainability reports, that disclose non-financial information about the company? Does the Company obtain a third-party assurance or verification for such reports?		√	The Company promotes sustainable development in accordance with the regulations of the competent authorities and relevant laws and regulations, and has not yet prepared a sustainability report.	No significant difference
VI. If the company has promulgated its own sustainable development principles in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” describe how its operations differ from its principles: No significant difference				
VII. Other important information for understanding the Company’s implementation of sustainable development: The Company attaches great importance to environmental protection, public security and health and hygiene, and has been awarded the "Disaster-free working hours" medal by the Council of Labor Affairs of the Executive Yuan. The Company has also taken part in energy-saving and carbon-reduction activities to combat global warming, implementing energy-saving measures such as turning off lights at lunchtime and using energy-saving LED lights. Moreover, the Company regularly holds environmental education courses to fulfill its obligations as a member of the global village and its corporate social responsibility.				

TWSE/TPEX-listed companies' climate-related information

1 Climate-related information implementation status

Item	Implementation Status
- Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management. - Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short-, mid-, and long-term). - Describe the financial impact of extreme climate events and transformation actions. - Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	- The Board of Directors is responsible for the supervision and decision-making. Although the Company does not assign a dedicated unit, the Administration Section is responsible for promoting the sustainable development practices concurrently, and implementing the climate change promotion plan and reports on the results from time to time, if necessary. - Short-term: Climate-related events (such as extreme weather) may cause operational disruptions and increase costs. Regulatory pressures may require compliance investments, but proactive responses may improve the business continuity. Mid-term: Regulatory pressure may require transformation to sustainable practices, but a successful transformation can improve market competitiveness. Long-term: Climate changes may pose significant business impacts. However, through strategic planning and innovation, companies can build resilience and develop new growth opportunities. - Extreme climates are accelerating industrial transformation. In the product production process, the Company should improve energy efficiency, implement green materials, replace low-pollution mobile devices, and develop low-carbon products step by step, so that the operating cost may be reduced and the Company's corporate identity may be upgraded too, thereby benefiting the entire operating revenue. - The Company is proactively exploring and developing relevant strategies, in order to describe how the process of climate risk identification, assessment and management is integrated into the overall risk management system. The Company will pay close attention to international standards and best practices to ensure that the management system can fully consider the impact posed by climate-related risks, and formulate appropriate measures to respond to these risks. The Company will provide relevant updates in future reports to demonstrate the continuous commitment and progress of climate risk management.

5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described. 6. If there is a transformation plan in place to manage climate-related risks, please specify the contents of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. 7. If the internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated. 8. If climate-related goals are set, the activities covered, scope of greenhouse gas emissions, planning period, and progress of each year should be explained. If the goals are achieved using carbon offsets or renewable energy certificates (RECs), the source and quantity of carbon offset credits or quantity of the RECs in exchange shall be stated. 9. GHG inventory and assurance status, as well as reduction goals, strategies and concrete action plans (to be specified in 1-1 and 1-2 separately).	5. The Company has not yet adopted any scenario analysis to evaluate the resilience to climate change risks. 6. The Company has not yet formulated a transformation plan for climate-related risks. 7. The Company has not yet used the internal carbon pricing assessment tool. 8. The Company has set climate-related goals, and the GHG emission scopes fall within Scope 1 and 2 of the Sustainable Development Roadmap for TWSE/TPEx Listed Companies of the FSC. The first GHG emission inventory was performed in 2023. The 2027 GHG will be verified in 2028, including emission goals and improvement of energy efficiency. We will continue to pursue these goals through concrete action plans and monitoring mechanisms.
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1-1 The Company's GHG Inventory and Assurance in the Recent Two Years

1-1-1 GHG inventory information

Describe the GHG emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NTD million), and data coverage for the most recent two years.

The GHG emission in 2022 was 1,047.9670 metric tons CO₂e, and the intensity 607.814 metric tons CO₂e/NT\$ million.

The GHG emission in 2023 was 1,000.638 metric tons CO₂e, and the intensity 836.184 metric tons CO₂e/NT\$ million.

Note 1: Direct emissions (scope 1, i.e. directly from emission sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e. indirect greenhouse gas emissions from imported electricity, heat or steam) and other indirect emissions (scope 3: emissions from the Company's activities and not from energy indirect emissions, but sources owned or controlled by other companies).

1-1-1 GHG assurance information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

According to the Sustainable Development Roadmap for TWSE/TPEX Listed Companies published by the FSC, the GHG inventory of TWSE/TPEX listed companies with capital less than NT\$5 billion will be verified in 2027, and the GHG inventory has not been externally verified. According to the FSC's schedule, the 2027 GHG inventory and assurance will be verified in 2028.

1-2 GHG reduction goals, strategies and concrete action plans

Describe the GHG reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

The base year was the first GHG inventory took place, namely 2022. The emission was 1,047.967 metric tons CO₂e, and the reduction goal was 3.5% by 2024. The main source of GHG emissions was consumption of electricity. The Company will continue to promote environmental management programs in the future. Through the implementation of energy control measures and reduction of waste water/gas discharge and waste output, the carbon reduction goals are achieved. The electricity consumption in the year 2023 decreased by 77,544 kWh compared to the year 2022 (reduction of 5.9%).

(VI) Differences between the Company's implementation of ethical corporate management and the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for the differences

Evaluation Items	Implementation			Differences from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for the differences
	Yes	No	Summary	
I. Establishment of ethical management policy and measures				
(I) Has the company established an ethical management policy approved by the board of directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies?	√		(I) The Company's "Code of Ethical Conduct for Directors, Supervisors and Managers" was approved by the Board of Directors on December 19, 2014, and the "Code of Ethical Management" was formulated and approved by the Board of Directors on November 7, 2017. Members of the Board of Directors and the management shall conduct their business in accordance with the principles of ethical management. On March 19, 2018, the Board of Directors amended certain provisions of the "Ethical Management Best Practice Principles" in response to the Company's practical operation. In response to the establishment of the Company's Audit Committee, on May 4, 2020, the Board of Directors amended the "Code of Ethics for Directors and Managers" and "Ethical Management Best Practice Principles."	No significant difference
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which shall at least include preventive measures against the items listed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"	√		(II) The Group enters into an "Employment Agreement" with new employees, specifying that the employees undertake to comply with the announced "Work Rules for Employees," that legal responsibilities shall be affixed on any violation, and that the employment may be terminated in the event of violation.	

(III) Does the company specify the operational procedures, guidelines, disciplinary and grievance systems for violations in its programs to forestall unethical conduct, implement them, and regularly review and revise such programs?	√	(III) The Company's Board of Directors resolved on November 7, 2017 to establish the "Procedure for Ethical Management and Guidelines for Conduct." On March 19, 2018, the Board of Directors amended certain provisions of the "Procedure for Ethical Management and Guidelines for Conduct" in response to the Company's practical operation. In response to the establishment of the Company's Audit Committee, on May 4, 2020, the Board of Directors amended certain provisions of the "Procedure for Ethical Management and Guidelines for Conduct." On August 26, 2021, the Board of Directors amended certain provisions of the "Procedure for Ethical Management and Guidelines for Conduct" in order to improve the corporate governance. The Group issues "Work Rules for Employees" and provides training to new employees, so that they can fully understand the Company's ethical management philosophy and policy. The Company also provides education and training for all employees from time to time as a reminder and facilitation of ethical behaviors.	
II. Facilitation of ethical corporate management (I) Does the company evaluate the ethics record of its counterparties and specify terms of ethical behaviors in the contracts with its counterparties? (II) Has the Company established a dedicated unit that is under the board of directors to promote ethical management, which reports to the board of directors on a regular basis (at least once a year) on its ethical management policy, plans to prevent dishonest practices and monitoring of implementation?	√ √	(I) The Group regularly reviews the financial and credit standing of its trade creditors and debtors to avoid dealing with those who have a history of dishonest behavior; the Company also has provisions in its business contracts relating to ethics. (II) In order to enhance the Company's ethical management, the auditing unit compiles and supervises the implementation of the ethical management policy and prevention measures, and is mainly responsible for the following matters, among which the auditing unit supervises the administrative unit to handle matters specified in paragraphs 1 to 5: 1. To assist in integrating integrity and ethical values into the company's business strategies, and to establish	No significant difference

		fraud prevention measures to ensure ethical management in accordance with laws and regulations. 2. To establish prevention programs against unethical behaviors, and to develop workplace-related standard operating procedures and behavioral guidelines within each program. 3. To plan internal organization, establishment and duties, and to put in place a mutual supervision mechanism for business activities with higher risk of unethical behaviors within the business scope. 4. To promote and coordinate for ethics policy training. 5. To establish a whistle-blowing system and to ensure the effectiveness of enforcement. 6. To assist the Board of Directors and management in reviewing and evaluating the effective operation of the preventive measures established for facilitating ethical management, and to evaluate compliance of the relevant business processes and report to the Board of Directors.
(III) Has the company established policies for preventing conflicts of interest, provided proper channels of representation, and implemented such policies?	√	(III) The Group's employment contract requires prior notification and recusal of any conflict of interest in business. In the event of any conflict of interest, the board members shall abstain from discussion and voting on all motions in accordance with the recusal principle.
(IV) Has the Company established effective accounting systems and internal control systems in order to facilitate ethical management, and has the internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, and examine accordingly the compliance with the prevention programs or engage a certified public accountant to carry out the audit?	√	(IV) The Group's accounting system was established in accordance with the Securities and Exchange Act, the Company Act, the Regulations Governing the Preparation of Financial Reports by Securities Issuers and other relevant laws and regulations, as well as the actual business condition of the Company; the internal control system was established with reference to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and other relevant regulations, and have been properly implemented. The auditing department also regularly reviews the compliance of the accounting system and internal control system and reports to the board

(V) Does the company regularly conduct internal and external education and training on ethical management?	√		of directors. The CPAs also conduct audits on the internal audit and internal control system during the annual audit process. (V) Through departmental meetings and internal training opportunities, the Company promotes and makes clear to its employees its ethical management philosophy and standards.	
III. Operation of the company's whistle-blowing system (I) Does the Company have a specific whistle-blowing and reward system, and has it established a channel to facilitate whistle-blowing and assigned suitable staff to handle the reported matters based on the subject of report?	√		(I) The Group has not yet established a specific whistle-blowing and reward system, but has set up an area on the Company's website for employees' opinions and reports, and has designated a unit to handle such reports.	No significant difference
(II) Does the Company have a standard operating procedure to investigated whistleblower cases, follow-up measures to be taken after the completion of the investigation, and a confidentiality mechanism?	√		(II) Confidentiality duty of the Group's works is stated in its non-disclosure agreement with employees.	
(III) Does the company take measures to protect whistleblowers from improper treatment as a result of whistleblowing?	√		(III) The Group protects whistleblowers from improper and unfair treatment on the basis of anonymity and confidentiality.	
IV. Enhanced information disclosure Does the company disclose the content and effectiveness of its ethical corporate management best practice principles on its website and on the Market Observation Post System?	√		The Group has established its ethical corporate management best practice principles and has disclosed the Company's profile, basic information and financial information on its website and the Market Observation Post System (MOPS). The Company discloses its information on the MOPS in a timely and open manner and conducts its business activities in a fair and transparent manner.	No significant difference
V. If the company has promulgated its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," describe how its operations differ from its principles: The Company has established its own ethical corporate management best practice principles and published them on the Company's website. The Company's practices do not differ from the principles.				
VI. Other important information for understanding the Company's ethical management: (e.g., the Company's review or amendments to its ethical corporate management best practice principles) (I) The Company has established internal audit and control systems, as well as various management measures as guidelines for its partners and customers to follow, demonstrating its determination to implement ethical management.				

(II) Every year, the Company arranges for its directors and managers to participate in training related to ethical management and corporate governance. The conduct of directors and managers in engaging in competitive business is submitted to the shareholders' meeting or the Board of Directors for approval in accordance with the laws.

(VII) If a company has established principles of corporate governance and related regulations, it shall disclose how to inquire about such principles and regulations:

The Company's corporate governance rules and regulations are posted on the Market Observation Post System of the Taiwan Stock Exchange under the item "Rules and Regulations Governing Corporate Governance" within the tab of "Corporate Governance." Investors may visit <https://mops.twse.com.tw> for more information.

(VIII) Other important information that may be disclosed to enhance understanding of the Company's corporate governance:

Please refer to the Company's website at <https://www.tecoimage.com.tw> and the Public Information Observation Post System at <https://mops.twse.com.tw/mops/web/index>

(IX) Implementation of internal control system

1. Internal control statement

Teco Image Systems (TIS) Internal Control System Statement	
Dated March 5, 2024	
The Company states the following with regard to its internal control system during fiscal year 2023, based on the findings of a self-evaluation:	
I. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objective s in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of financial reporting, and compliance with applicable laws and regulations.	
II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.	
III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the “Regulations”). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring. Each element further contains several items. Please refer to the Regulations for details.	
IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.	
V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.	
VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.	
VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 5, 2024, where 0 of the 11 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.	
Teco Image Systems (TIS)	
Chairman:	(signature)
President:	(signature)

2. Retaining CPAs to conduct special audits of internal control systems: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the prospectus publication date, the company shall disclose the penalty, the main shortcomings, and the condition of improvement: None.

(XI) Significant resolutions of the shareholders' meetings and the board meetings during the most recent fiscal year or during the most recent fiscal year and during the current fiscal year up to the prospectus publication date:

1. Significant resolutions of shareholders' meetings and implementation status

Significant resolutions of the general shareholders' meeting held on June 15, 2023 and the status of implementation are as follows:

Important Resolution	Implementation Status
To admit 2022 business report and financial statements	The voting results were approved as proposed.
To admit 2022 earnings distribution	1. The voting results were approved as proposed. 2. Cash distribution of \$0.51 per share, ex-dividend date 06.24.2023, cash dividend to be distributed on 07.14.2023.
Approved the amendments to the Company's "Articles of Incorporation."	Approved by the Ministry of Economic Affairs on July 3, 2023 and announced on the corporate website.

2. Significant resolutions of board meetings

Meeting Date	Term	Important Resolution
3.17.2023	9th meeting of 10th term	1. To approve the Company's 2022 business report and financial statements. 2. To approve the Company's 2022 earnings distribution. 3. To approve the proposal to convene the Company's 2023 Annual General Meeting. 4. To approve the personnel change to the Company's senior executives.
5.9.2023	10th meeting of 10th term	1. Approved the Company's 2023 Q1 consolidated financial statements. 2. To approve the personnel change to the Company's senior executives.
8.9.2023	11th meeting of 10th term	1. Approved the Company's 2023 Q2 consolidated financial statements. 2. To approve the personnel change to the Company's senior executives. 3. Approved the Company's disposal of securities.
9.21.2023	12th meeting of 10th term	1. To approve the release of managers from the non-competition restrictions

Meeting Date	Term	Important Resolution
3.17.2023	9th meeting of 10th term	1. To approve the Company's 2022 business report and financial statements. 2. To approve the Company's 2022 earnings distribution. 3. To approve the proposal to convene the Company's 2023 Annual General Meeting. 4. To approve the personnel change to the Company's senior executives.
3.5.2024	13th meeting of 10th term	1. To approve the Company's 2023 business report and financial statements. 2. To approve the Company's 2023 earnings distribution. 3. To approve the proposal to convene the Company's 2024 Annual General Meeting.

(XII) Main contents of directors' dissenting opinions on important resolutions that have been included in records or stated in writing during the most recent fiscal year and during the current fiscal year up to the prospectus publication date: None.

(XIII) Summary of the resignation and dismissal of directors, president, accounting manager, finance manager, internal audit manager, corporate governance manager and research and development manager during the most recent fiscal year and during the current fiscal year up to the prospectus publication date:

Job Title	Name	Date of Onboarding	Date of Discharge	Reasons for Resignation or Discharge
Finance Manager	Chang Chen-Cheng	2022.1.5	3.17.2023	Job adjustment

V. CPA Fees

Unit: NT\$1,000

Accounting Firm	CPA	<u>Audit Period</u>	Audit Fees	Non-audit Fees	Total	Note
Pricewaterhouse Coopers Taiwan	Yeh Tsui-Miao/Lin Chun-Yao	January 1, 2023~December 31, 2023	4,255	520	4,775	Non-audit fees mainly comprised the fees for attesting the Company's tax compliance.

VI. Information on replacement of CPAs: In response to the management needs and the internal adjustment of PwC Taiwan, the Company has replaced the independent auditors, Huang Shih-Chun, CPA and Yeh Tsui-Miao, CPA with Yeh Tsui-Miao, CPA and Lin Chun-Yao, CPA since Q1 of 2023 (inclusive).

VII. Where The Company's Chairperson, General Manager, Or Any Managerial Officer In Charge Of Finance Or Accounting Matters Has In The Most Recent Year Held A Position At The Accounting Firm Of Its Certified Public Accountant Or At An Affiliated Enterprise Of Such Accounting Firm, The Name And Position Of The Person, And The Period During Which The Position Was Held, Shall Be Disclosed: None.

VIII. Transfers of equity interests and/or pledge of or change in equity interests by directors, managers and shareholders holding more than 10 percent of the shares of the Company in the most recent year and up to the publication date of the annual report:

1. Changes in shareholdings of directors, managers and substantial shareholders:

Job Title	Name	2023		As of April 26, 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman of the Board of Directors / Chief Strategy Officer	Huang, Yu-Jen	0	0	0	0
Vice Chairman	Creative Sensor Inc. Representative: Wang, En-Kuo	0	0	0	0
Shareholder holding more than 10% of the total number of outstanding shares issued by the Company	Creative Sensor Inc.				
Director	Koryo Electronics Co., Ltd. Representative: Chen, Chien-Lung	0	0	0	0
Shareholder holding more than 10% of the total number of outstanding shares issued by the Company	Koryo Electronics Co., Ltd.				
Director	TECO International Investment Co. Ltd. Representative: Hsieh, Ying-Sheng	0	0	0	0
Director	Kuang Yuan Co., Ltd. Representative: Kao, Tung-Hai	0	0	0	0
Director	Chang, Chung-Te	0	0	0	0
Director	Fang, Sung-Jen	0	0	0	0
Independent Director	Yang, Pei-Chieh	0	0	0	0
Independent Director	Tan, Yao-Nan	0	0	0	0
Independent Director	Lu, Wen-Tsung	0	0	0	0
Independent Director	Hsu, Wan-Chi	0	0	0	0
Shareholder holding more than 10% of the total number of outstanding shares issued by the Company	Tien Da Investment Co., Ltd. (Date of appointment: January 29, 2024)	0	0	518,000 (5,000)	0
President	Kanji Wada	0	0	0	0
Vice President	Li, Li-Chiu	62,386	0	0	0
Assistant Vice President	Chen, Cheng-Yuan	81,102	0	0	0
Spokesperson	Wei, Yao-Ming (Date of appointment: May 9, 2023)	25,019	0	0	0
Acting Spokesperson	Lai, Chien-Yi	118,533	0	0	0
Finance Manager	Yan, Chun-Mei (Date of appointment: March 17, 2023)	0	0	0	0
Accounting Manager	Hsu, Cheng-Chen	81,102	0	0	0
Corporate Governance Manager	Chen, Yi-Ting (Date of appointment: May 9, 2023)	0	0	0	0
Finance Manager and Spokesperson	Chang, Chen-Cheng (Date of resignation from Finance Manager: March 17, 2023, date of resignation from Spokesperson: May 9, 2023)	0	0	0	0

- Information on transfers of equity by directors, managers or major shareholders where the counterparties are related parties: None.
- Information on pledges of equity interests by directors, managers or major shareholders, where the counterparties of such pledges: None.

IX. Information on the top ten shareholders who are related to each other or who are spouses or relatives within the second degree of kinship

April 26, 2024

Name	Number of shares held by the person		Number of shares held by the spouse or underaged children		Total number of shares held in others' names		The names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree of kinship.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Creative Sensor Inc. Representative: Huang, Yu-Jen	33,408,000	29.69%	-	-	-	-	Koryo Electronics Co., Ltd.	Director of the company	None
							Tung An Investment Co., Ltd.	Relative within the second degree of kinship of the Company's Chairman.	
							TECO International Investment Co., Ltd.	Relative within the second degree of kinship of the Company's Chairman.	
							Guangyuan Industrial Co., Ltd.	The company's director and supervisor are relatives within the second degree of kinship of the chairman of Creative Sensor Inc.	
							Antai International Investment	Relative within the second degree of kinship of the Company's Chairman.	
Tien Da Investment Co., Ltd. Representative: Yang, Chien-Kuo	11,763,477	10.45%	-	-	-	-	None	None	None
Koryo Electronics Co., Ltd. Representative: Liao, Shun-Jung	11,425,000	10.15%	-	-	-	-	Creative Sensor Inc.	Director of the company	None
							Tien Da Investment Co., Ltd.	Director of the company	
An Fu International Investment Co., Ltd. Representative: Kao, Tung-Hai	10,587,505	9.41%	-	-	-	-	Guangyuan Industrial Co., Ltd.	The chairman is the same Chairman of the Company.	None
Tung An Investment Co., Ltd. Representative: Huang, Mao-Hsiung	8,196,501	7.28%	-	-	-	-	Creative Sensor Inc.	Relative within the second degree of kinship of the Company's Chairman.	None
							TECO International Investment Co., Ltd.	The chairman is the same Chairman of the Company.	
							Guangyuan Industrial Co., Ltd.	1. The supervisor of the company is the chairman of Dongan Investment. 2. The director of the company is a relative within the second degree of kinship of the chairman of Dongan Investment.	
							Antai International Investment	1. The chairman is the same Chairman of the Company.	

Name	Number of shares held by the person		Number of shares held by the spouse or underaged children		Total number of shares held in others' names		The names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree of kinship.		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
TECO International Investment Co., Ltd. Representative: Huang, Mao-Hsiung	6,377,052	5.67%	-	-	-	-	Creative Sensor Inc.	Relative within the second degree of kinship of the Company's Chairman.	None
							Tung An Investment Co., Ltd.	1. The chairman is the same Chairman of the Company.	
							Guangyuan Industrial Co., Ltd.	1. The supervisor of the company is the chairman of TECO International Investment. 2. The director of the company is a relative within the second degree of kinship of the chairman of TECO International Investment.	
							Antai International Investment	The chairman is the same Chairman of the Company.	
Guangyuan Industrial Co., Ltd. Representative: Kao, Tung-Hai	4,771,631	4.24%	-	-	-	-	Creative Sensor Inc.	The company's chairman is a relative within the second degree of kinship of the director and supervisor of Guangyuan Industrial Co., Ltd.	None
							An Fu International Investment Co., Ltd.	1. The chairman is the same Chairman of the Company. 2. Director of the company.	
							Tung An Investment Co., Ltd.	The chairman of the company is the supervisor of Guangyuan Industrial Co., Ltd.	
							TECO International Investment Co., Ltd.	The chairman of the company is the supervisor of Guangyuan Industrial Co., Ltd.	
							Antai International Investment	The chairman of the company is the supervisor of Guangyuan Industrial Co., Ltd.	
Antai International Investment Co., Ltd. Representative: Huang, Mao-Hsiung	1,270,145	1.13%	-	-	-	-	Creative Sensor Inc.	Relative within the second degree of kinship of the Company's Chairman.	None
							Tung An Investment Co., Ltd.	1. The chairman is the same Chairman of the Company. 2. Supervisor of the company.	
							TECO International Investment Co., Ltd.	The chairman is the same Chairman of the Company.	
							Guangyuan Industrial Co., Ltd.	1. The supervisor of the company is the chairman of Antai International Investment. 2. The director of the company is a relative within the second degree of kinship of the chairman of Antai International Investment.	
Chen, Hung-Li	1,126,000	1.00%	-	-	-	-	None	None	None
Chiao, Chin-Sheng	602,000	0.53%	-	-	-	-	None	None	None

X. The Total Number Of Shares And Total Equity Stake Held In Any Single Enterprise By The Company, Its Directors And Supervisors, Managerial Officers, And Any Companies Controlled Either Directly Or Indirectly By The Company:

Combined Shareholding

Unit: Shares; %

Investee (Note 1)	Invested by the Company		Investment by Directors And Supervisors, Managerial Officers, And Any Companies Controlled Either Directly Or Indirectly By The Company		Comprehensive investment	
	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding
Atlas Tech Investment Co.,Ltd	6,248,313	100.00%	-	-	6,248,313	100.00%
SOLMAX POWER TAIWAN LIMITED	7,000,000	35.00%	-	-	7,000,000	35.00%
Creative Sensor Inc.(Note 2)	28,906,260	19.39%	12,442,114	8.34%	40,066,737	27.73%
Tien Da Investment Co., Ltd.	18,000,000	25.17%	-	-	18,000,000	25.17%
All-In-One International Co.,Ltd	2,410,000	100.00%	-	-	2,410,000	100.00%
Image Systems International Co.,Ltd	4,812,423	100.00%	-	-	4,812,423	100.00%
Teco Image Systems (Dongguan) Co., Ltd. (Note 2)	-	-	Capital contribution certificate	100.00%	Capital contribution certificate	100.00%
TECO Image Systems (Suzhou) Co., Ltd. (Note 3)	-	-	Capital contribution certificate	100.00%	Capital contribution certificate	100.00%
Teco Pro-Systems (JiangXi) Co., Ltd. Co., Ltd. (Note 4)	-	-	Capital contribution certificate	100.00%	Capital contribution certificate	100.00%

Note 1: The Company adopts the investment accounted for using equity method.

Note2: The company holds a stake in Creative Sensor Inc., which consists of ordinary shares that the shareholder has completed without physical delivery (including treasury shares).

Note 3: The subsidiary, Teco Image Systems (Suzhou) Co., Ltd., wholly owned by All-In-One International Co., Ltd., a subsidiary wholly owned by the Company via Atlas Tech Investment Co., Ltd. has been cancelled on September 8, 2023. On March 6, 2024, the Company received the approval of cancellation of the investment limit in Mainland China from the Department of Investment Review, MOEA.

Note 4: The subsidiary wholly owned by the Company via Atlas Tech Investment Co., Ltd., Teco Pro-Systems (JiangXi) Co., Ltd. Co., Ltd., has been cancelled on February 22, 2024. By the date of publication of the annual report, the reporting to the Department of Investment Review, MOEA was still pending.

Four. Fundraising Status

I. Capital and shares

(I) Source of Share Capital

1. Share capital constituents

Year and Month	Issuing Price (NT\$/Share)	Authorized share capital		Paid-in capital		Note		
		Number of Shares (Share)	Amount (NT\$)	Number of Shares (Share)	Amount (NT\$)	Source of Share Capital	Share Subscription Proceeds Other Than Cash	Others
Aug. 1997	10	100,000,000	1,000,000,000	50,000,000	500,000,000	Refer to Note (1)	None	—
Jun. 2000	10	100,000,000	1,000,000,000	61,000,000	610,000,000	Refer to Note (2)	None	—
Jul. 2001	10	100,000,000	1,000,000,000	65,160,000	651,600,000	Refer to Note (3)	None	—
Jun. 2002	10	105,000,000	1,050,000,000	72,305,000	723,050,000	Refer to Note (4)	None	—
Jul. 2003	10	105,000,000	1,050,000,000	80,621,100	806,211,000	Refer to Note (5)	None	—
Jun. 2004	10	105,000,000	1,050,000,000	89,386,629	893,866,290	Refer to Note (6)	None	—
Sep. 2005	10	105,000,000	1,050,000,000	99,064,130	990,641,300	Refer to Note (7)	None	—
Oct. 2005	10	105,000,000	1,050,000,000	96,960,130	969,601,300	Refer to Note (8)	None	—
May 2006	10	105,000,000	1,050,000,000	96,355,130	963,551,300	Refer to Note (9)	None	—
Aug. 2006	10	171,000,000	1,710,000,000	105,678,592	1,056,785,920	Refer to Note (10)	None	—
Aug. 2007	10	171,000,000	1,710,000,000	114,241,646	1,142,416,460	Refer to Note (11)	None	—
Aug. 2008	10	171,000,000	1,710,000,000	123,960,565	1,239,605,650	Refer to Note (12)	None	-
Feb. 2009	10	171,000,000	1,710,000,000	112,536,565	1,125,365,650	Refer to Note (13)	None	-
Jul. 2010	10	250,000,000	2,500,000,000	112,536,565	1,125,365,650	Refer to Note (14)	None	-

Note

- (1) The Company's paid-in capital upon incorporation on September 8, 1997 was NT\$500 million.
- (2) Such capitalization of earnings in the amount of NT\$110 million was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-(89)-(1)-55001 and dated June 26, 2000.
- (3) Such capitalization of earnings (including employee bonuses) in the amount of NT\$11,600,000 was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-(90)-(1)-142099 and dated July 2, 2001.
- (4) Such capitalization of earnings (including employee bonuses) in the amount of NT\$71,450,000 was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-(91)-(1)-0910134643 and dated June 26, 2002.
- (5) Such capitalization of earnings (including employee bonuses) in the amount of NT\$83,161,000 was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-0920129341 and dated July 2, 2003.
- (6) Such capitalization of earnings (including employee bonuses) in the amount of NT\$85,630,540 was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-09300126814 and dated June 16, 2004.
- (7) Such capitalization of earnings in the amount of NT\$96,775,010 was approved by the Financial Supervisory Commission of the Executive Yuan, as stated on the official letter titled FSC-0940130247 and dated July 26, 2005.
- (8) Such capital reduction in the amount of NT\$21,040,000 by means of retiring treasury stocks was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09401196470 and dated October 6, 2005.
- (9) Such capital reduction in the amount of NT\$6,050,000 by means of retiring treasury stocks was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09501087990 and dated May 12, 2006.
- (10) Such capitalization of earnings (including employee bonuses) in the amount of NT\$93,234,620 was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09501179570 and dated August 21, 2006.
- (11) Such capitalization of earnings (including employee bonuses) in the amount of NT\$85,630,540 was approved by the Ministry

of Economic Affairs, as stated on the official letter titled MOEA-09601192640 and dated August 10, 2007.

- (12) Such capitalization of earnings (including employee bonuses) in the amount of NT\$93,234,620 was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09501179570 and dated August 21, 2008.
- (13) Such capital reduction in the amount of NT\$114,240,000 by means of retiring treasury stocks was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09801009710 and dated February 2, 2009.
- (14) Such capital increase in the amount of NT\$2,500,000,000 was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-0901130980 and dated July 24, 2020.

2. Share types

Unit: Share

Type of shares	Authorized share capital			Note
	Shares Outstanding	Unissued shares	Total	
Common Shares	112,536,565	137,463,435	250,000,000	Listed on the OTC Market

3. Issuance of shares by shelf registration: Not applicable.

(II) Shareholder Structure - Finance

April 26, 2024

Shareholder Structure Quantity	Government Agency	Financial Institution	Other Legal Person	Individual	Foreign institutions and foreigners	Total
Number of people	1	1	256	29,017	39	29,314
Number of Shares Held	2	190,305	89,853,372	21,424,778	1,068,108	112,536,565
Shareholding	0.00%	0.17%	79.84%	19.04%	0.95%	100.00%

(III) Ownership Diffusion - Financial

Common Shares
at the Par Value of NT\$10

April 26, 2024

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1-999	26,597	290,422	0.26%
1,000-5,000	2,051	4,152,114	3.69%
5,001-10,000	317	2,427,756	2.16%
10,001-15,000	96	1,172,883	1.04%
15,001-20,000	70	1,294,044	1.15%
20,001-30,000	58	1,481,888	1.32%
30,001-40,000	25	888,960	0.79%
40,001-50,000	14	629,554	0.56%
50,001-100,000	38	2,738,885	2.43%
100,001-200,000	26	3,879,302	3.45%
200,001-400,000	8	2,126,211	1.89%
400,001-600,000	4	1,927,235	1.71%
600,001-800,000	1	602,000	0.53%
800,001-1000,000	0	0	0.00%
More than 1,000,001	9	88,925,311	79.02%
Total	29,314	112,536,565	100.00

(IV) Major Shareholders List - Financial

April 26, 2024

Name of the Major Shareholder	Shares	Number of Shares Held	Shareholding
Creative Sensor Inc.		33,408,000	29.69%
Tien Da Investment Co., Ltd.		11,763,477	10.45%
Koryo Electronics Co., Ltd.		11,425,000	10.15%
Tysonics Corporation		10,587,505	9.41%
Dongan Investment Co., Ltd.		8,196,501	7.28%
TECO International Investment Co., Ltd.		6,377,052	5.67%
Kuang Yuan Co., Ltd.		4,771,631	4.24%
An Tai International Investment Co., Ltd.		1,270,145	1.13%
Chen Hung-Li		1,126,000	1.00%
Chiao, Chin-Sheng		602,000	0.53%

(V) Stock price per share, net worth, earnings, dividends and other related information for the past two years:

Unit: NTD: Shares

Item		Year	2022	2023	March 31, 2024 (note 8)
Market price per share (note 1)	Highest		18.30	23.00	21.25
	Lowest		12.60	16.20	16.95
	Average		15.57	18.33	18.17
Net value per share	Before distribution		18.46	22.46	-
	After distribution		17.94	21.96 (note 2)	-
Earnings per share	Weighted average number of shares		79,128,565	79,128,565	-
	Earnings per share		0.81	0.09	-
Dividends per share	Cash dividend		0.51	0.50 (note 2)	-
	Stock grants	Before Adjustment	-	-	-
		After Adjustment	-	-	-
	Accumulated unpaid dividends (note 4)		-	-	-
Return on investment analysis	Price-to-earning ratio (note 5)		19.22	203.67	-
	Price-to-dividend ratio (note 6)		30.52	36.66 (note 2)	-
	Dividend yield (note 7)		3.28%	2.73% (note 2)	-

* In the event of a capital distribution from earnings or capital surplus, disclose the information on the market price and cash dividends retroactively adjusted for the number of shares issued.

Note 1: The data source is the website of the Taipei Exchange. List the highest and lowest market prices of ordinary shares for each year, and calculate the average market price for each year based on the transaction value and volume.

Note 2: Including the amount of dividends for 2023 as resolved by the board meeting on March 5, 2024.

Note 3: In the event of a retroactive adjustment due to a free share allotment, the earnings per share before and after the adjustment shall be displayed.

Note 4: If the conditions of equity securities issuance provide that unpaid dividends for the current year may be accumulated and paid in the year with earnings, the accumulated unpaid dividends as of the current year shall be disclosed separately.

Note 5: Price-to-earning ratio = average closing price per share for the year / earnings per share.

Note 6: Price-to-dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: As of the print date of the annual report, the information for Q1 2024 has not been audited (reviewed) by a CPA.

(VI) The Company's Dividend Policy and Implementation Thereof:

1. The dividend policy stipulated on the Company's Articles of Incorporation:

The Company's earnings in the final accounts, if any, are distributed in the following order:

I. Pay taxes and duties.

- II. Offset previous deficits.
- III. Reserve 10% of the remaining balance as legal reserve; such provision may be exempted if the legal reserve has reached the Company's paid-in capital.
- IV. Reserve certain amount of the remaining balance as special reserves as required either by law or by any resolution adopted at the shareholders' meeting.
- V. The opening undistributed earnings and reversal of special reserve form the earnings distributable to shareholders. The Board of Directors is authorized to resolve, with at least two-thirds of the directors present and the consent of a majority of the directors, that all or part of the dividends and bonuses to be distributed shall be paid in cash and reported to the shareholders' meeting.

In principle, the earnings to be distributed shall be in the post-tax value of that given year. However, considering the principle of dividend equalization, if the post-tax earnings are not sufficient for distribution, the Company may be allowed to utilize previous undistributed earnings for earnings distribution purpose.

Considering that the Company still has plant expansion plan and investment plan in the future, the earnings are distributed based on the distributable amount after current year's profit less the legal reserve. In principle, 80% thereof shall be distributed as the shareholders' dividends, in cash or shares. Notwithstanding, the amount of cash dividends in the dividends to shareholders referred to in the preceding paragraph shall be no less than 5% of the total dividends each year.

2. On March 5, 2024, the Board of Directors resolved to distribute the cash dividend at NT\$0.5 per share, which will be distributed in accordance with the operating procedures after the ex-dividend date is set.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

(VIII) Remuneration to employees and directors:

1. The percentage or range of earnings that can be distributed as employee compensation and directors' remuneration, as stipulated on the Articles of the Incorporation:

In order to stimulate employees and the management team, where the Company has earnings in a given year, the Company shall first use such earnings to offset previous deficits and then allocate 5% to 15% of the remaining balance (i.e. the pre-tax value before deducting employee compensation and directors remuneration), if any, as employee compensation, and no greater than 5% as directors remuneration. The Board of Directors shall resolve on the earnings ratio to be allocated as employee compensation and directors remuneration and on the manner in which employee compensation will be distributed, in the form of either stocks or cash, by a majority vote at a Board of Directors meeting attended by two-thirds or more directors, and shall report such a resolution to the shareholders' meeting. Employees of the Company's subordinate companies shall also be entitled to the employee compensation to be distributed by the Company in the form of either stocks or cash.

2. The accounting treatment for the scenario where there is a discrepancy between the actual distributed amount for the current period and the estimated and recognized amount, the basis for estimating employee compensation and directors' remuneration, and the basis for estimating the number of shares when employee compensation is granted in the form of stock dividends:

The employee compensation and directors' remuneration was estimated based on the requirements stipulated on the Articles of Incorporation. If subsequently the amount resolved on to be distributed differs from the estimated amount, such differentials will be treated with the accounting treatment for changes in accounting estimates, and will be adjusted accordingly and then recognized in the year such distribution was resolved on. Where employee compensation is resolved on to be distributed in the form of stock dividends, the number of shares shall be calculated by dividing the resolved amount by the fair value of the share; the fair value of the share shall be the closing price

of the share on the day preceding the date where such distribution is resolved on, taking into account the effect of ex-dividend.

3. Employee compensation and directors' remuneration that was resolved on by the Board of Directors

(1) Employee compensation and directors' and supervisors' remuneration that was distributed in the form of cash dividends or stock dividends: Where the actual distributed amount differs from the estimated amount, the differentials, along with the causes for such differentials and the treatment for such differentials, shall be disclosed.

As per Article 25 of the Company's Articles of Incorporation, the Company intended to distribute NT\$401,546, or 7.00% of the distributable earnings, as employee compensation and NT\$212,246, or 3.70% of the distributable earnings, as directors' and supervisors' remuneration.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:

The Company did not distribute any stock dividends as employee compensation for the current period.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

The actual amount resolved on to be distributed at the 2023 AGM was the same as the amount approved and proposed by the Board of Directors in 2022, which comprised the remuneration to employees in the amount of NT\$7,111,553 and the remuneration to directors in the amount of NT\$3,758,964.

(IX) Status of a company repurchasing its own shares: None.

II. Corporate Bonds: None.

II. Preferred Shares: None.

IV. Global Depositary Receipt: None.

V. Employee Stock Warrants: None.

VI. New Restricted Stock Units: None.

VII. Issuance of New Shares as a Result of Mergers and Acquisitions or Receiving the Transfer of Shares from Others: None.

VIII. Execution of Capital Utilization Plan: None.

Five. Operation Overview

I. Description of the business

(I) Scope of business:

1. Major lines of business and the relative weight of each

Category	Products	Purpose	Weight in sales
Digital MFP	The mid- and low-end multi-function laser plain paper printers, the mid- and high-end internet-based multi-function laser plain paper printers, and multi-function digital printers	Providing the automation of office and highly efficient communication quality.	70.68%
Module of digital MFPs	Scanner modules for MFPs, auto-feeders, fax kits, and modules of operating panels	Providing the OEM/ODM customers with the modular parts and components for MFPs.	11.74%
Others	Automatic laminator, color industrial labeling machine, cutting and plotting machine and others	The printers to print labels and cut for offices or industrial purposes, and other innovative products for other purposes.	17.58%

2. Current products (services)

The Company supplies products to different customers by different channels, as below:

By customer's industry	By customer's MFP models	Product specs
Multi-function Peripheral (MFP)	UA4300 series	A3 digital MFPs
	UA4200 series	A3 digital MFPs
	UA4000 series	A3 digital MFPs
	UA2026 series	A4 digital color MFPs
	UA3016 series	A4 digital MFPs
	UA3160 series	Low-end laser fax machine
Module products	ADF(R)	Auto-feeder for MFPs (double sided)
	Fax Kit	Kits for MFP fax functions
	IR	Scanner units for MFPs
	Controller	Controller for MFPs
	Operation Panel	Operation panels for MFPs
Industrial Printer	Industrial Printer	Industrial Printer
Auto Laminator	Laminator	Auto Laminator
Label Printers	MC Printer 2020	Label Printers
Cutting Plotter	CG-AR	Cutting Plotter

3. New products and technologies planned for development

- (1) Multi-Function Printer with Functions Upgrade: Mobile Printing Support and Satisfy New Energy Star Requirement.
- (2) Establish New Controller Platform: Modular. Target on A3 B/W Segment 2/3 and Color 15~24ppm Entry Model Requirement.
- (3) 3D Printing Applications: Expand Applications to the Drone Market Demand.
- (4) Import The 5th-Generation 3DP Equipment: Expanding the Production. Expect to Reduce

Production Costs by 55% and Improve Printing Efficiency by 34%.

- (5) Drone System Integration: Ground Control Station Development and Edge Computing Platform with AI System.
- (6) UV Inkjet Technology. Apply for Industrial Label Printer and 2D Barcode Printing Systems, Suitable for Multi-Material Printing.

(II) Overview of the industry

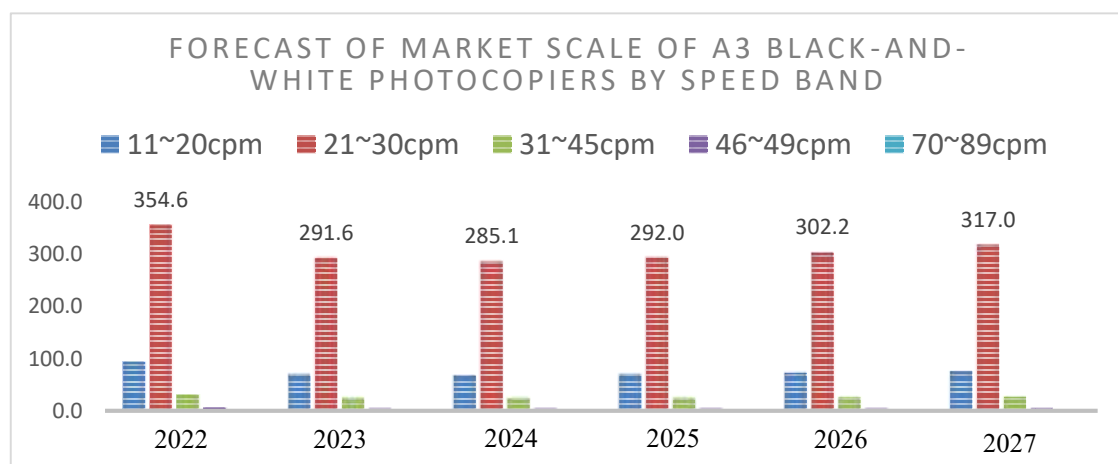
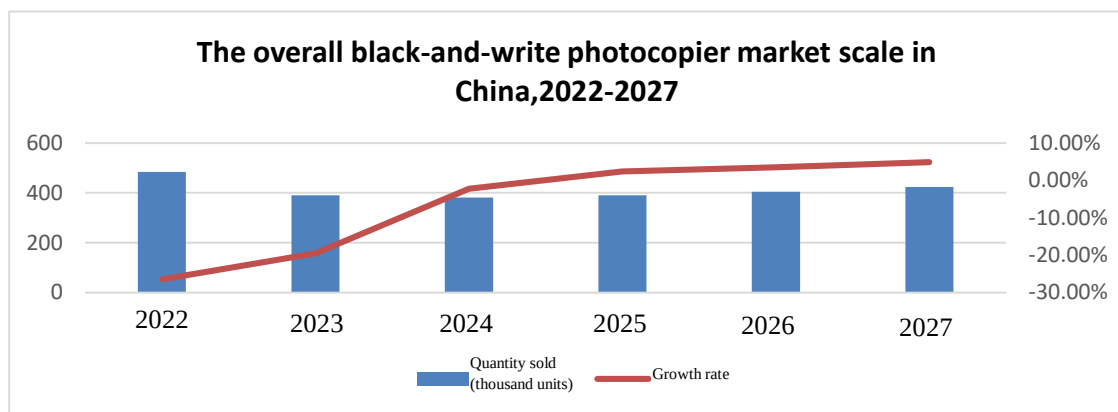
1. Current conditions and development of the industry

Current market conditions of MFP market in China:

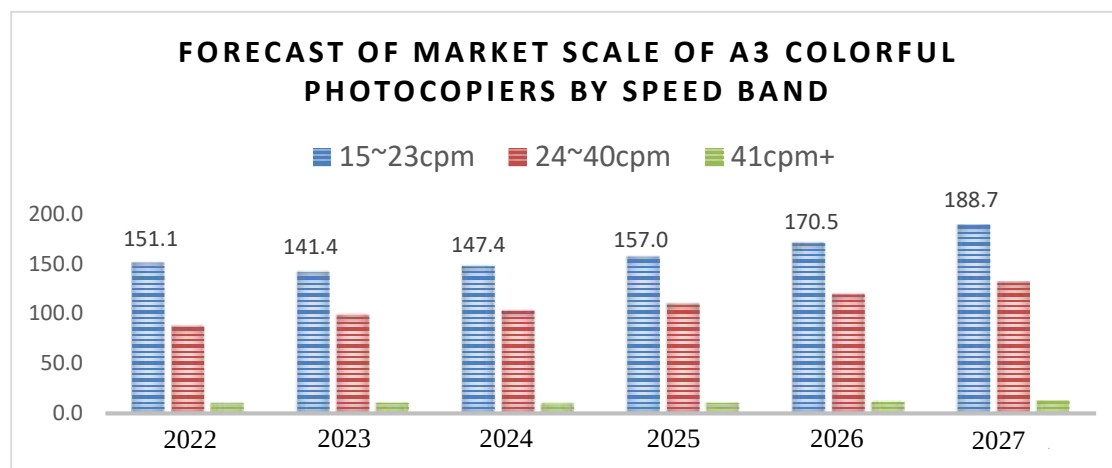
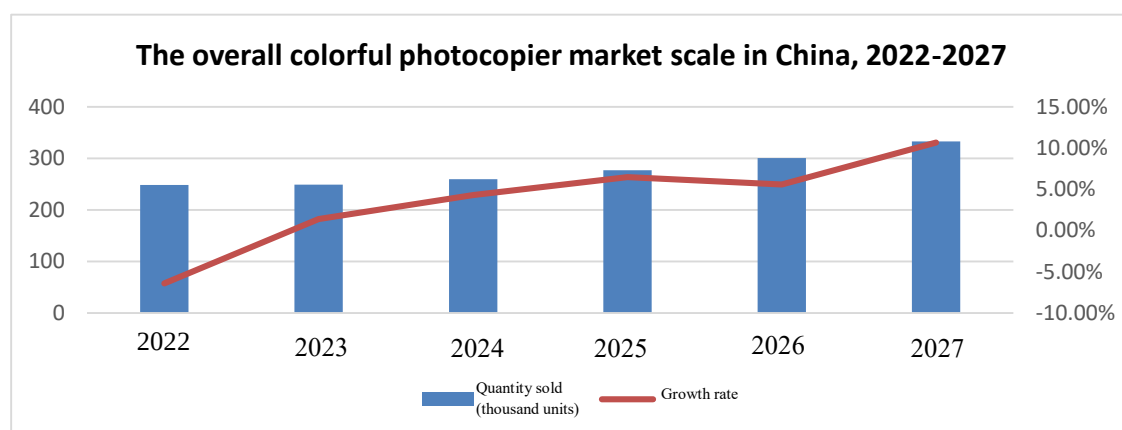
The overall market of black-and-white photocopiers tends to remain constant and even decline. In the future, the product share of Chinese brands will continue to erode the products of foreign brands.

- (1) According to Key research report, the sales volume of A3 monochrome photocopiers in China market decreased by 26.5% in 2022 from 2021, and the forecast in October 2023 showed the decrease by 19.5% from 2022, the forecast in May 2024 showed the decrease by 2.2% from 2023, and the market expected to be on a downward trend in the future.
- (2) The proportion of Chinese brand products in black-and-white photocopiers is currently about 6%, and it is expected that the growth will reach 30% in next 2-3 years, which will continue to erode the market of foreign brand products.
- (3) Color photocopiers, which experienced a 6.4% decline in 2022 due to the pandemic, and a 1.49% growth in October 2023, and a 4.3% growth in May 2024, are expected to grow by over 10.7% until 2027.
- (4) The share of color photocopiers in the overall photocopier market increased from 28.5% in 2021 to 33.7% in 2022, from 33.7% in 2022 to 39% in 2023. The low-end (15-23ppm) color photocopiers are expected to undermine the mid-speed (30ppm) black-and-white photocopier market.

The overall black-and-white photocopier market scale in China, 2022~2027 (source of data: Key Research 2024/5)

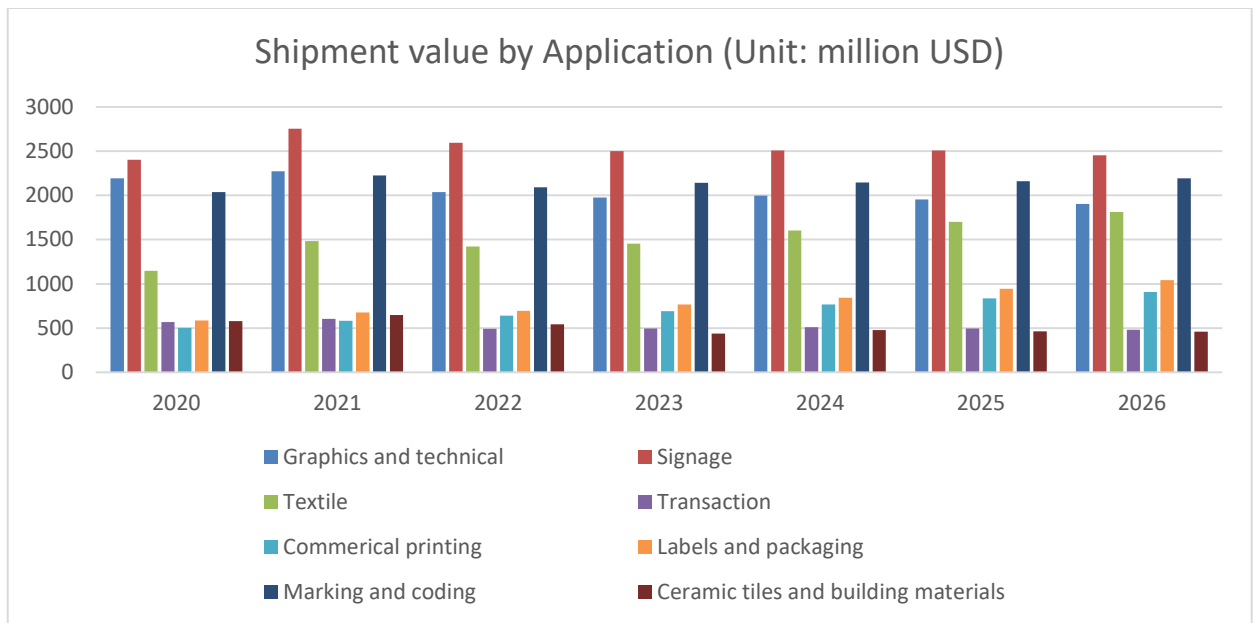


The overall colorful photocopier market scale in China, 2022~2027 (source of data: Key Research 2024/5)



Global wide format printer market:

- (1) Cloud and AI technologies will both bring about significant changes in the future. It is expected that the data processing and control code computing generation of the ink jet printer will be uploaded to the cloud in 10~15 years. At that moment, the ink jet printer itself only needs to complete the printing action, and even the recognition calculation and data transmission of image feedback, based on the computing ability and network communication speed at that time, may be completed within a few microseconds.
- (2) 2.5D inkjet printing is equipped with depth detection. The energy detects the undulations of the printing surface and adjusts the nozzle height to ensure the printing quality. The 2.5D technology is an extension of the DPT technology.
- (3) Direct Print on Table - WFP's print plane is designed to be detachable. After it is detached, the printer can be moved to the print table for 2D travel printing. The extruder moving platform is designed to be movable vertically to match the height of the printing table top. It is called the DPT technology.
- (4) The development of ink technology is expected to make significant progress in next 5~10 years. By then, it should not only be able to print on plastic or metal surfaces, but also develop functional inks, such as conductive inks for printed circuit boards, or to manufacture anti-static fabric, etc.
- (5) There should be new print heads launched to the market in next 5~10 years. If there is a breakthrough in technology or materials, it is expected that large printheads of more than 4 inches or even pagewide might appear. By then, the printing speed can be upgraded.

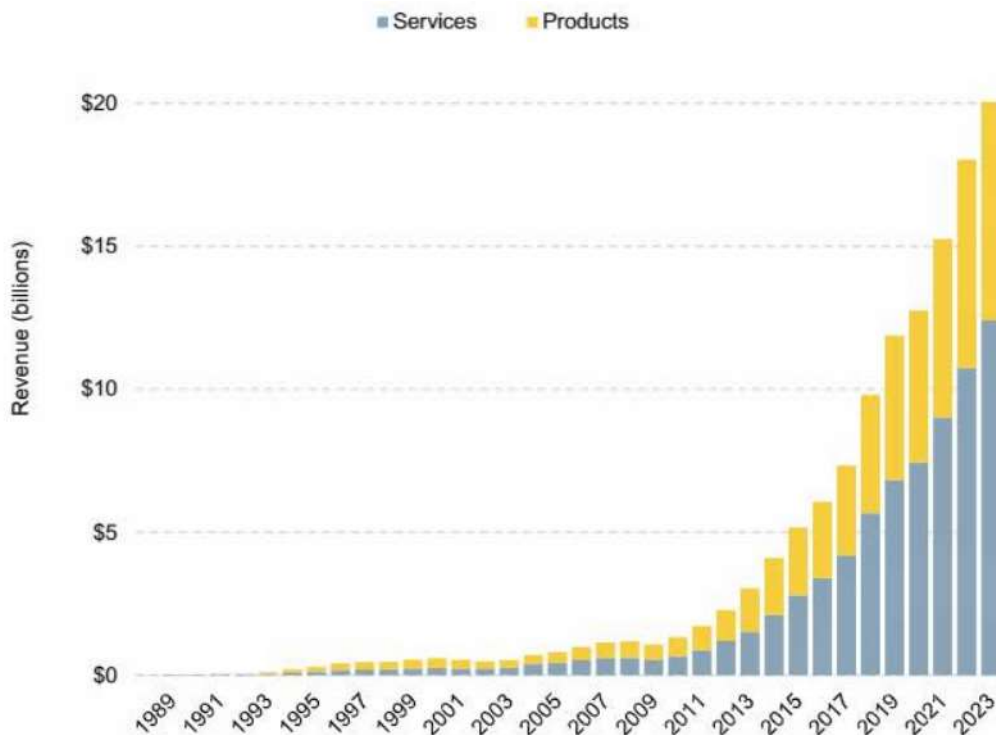


Source: Data Supply 2023 Dec Report

Global industrial 3D printing market

In 2023, global revenue from additive manufacturing is estimated to be \$7.63 billion, representing a 4.7% increase from \$7.29 billion in 2022. Additive manufacturing services are estimated to generate \$12.4 billion in revenue in 2023, marking a 15.5% increase from \$107.3 billion in 2022. The continuous dominance of services over products indicates a strong demand for aftermarket services and support. The sustained growth in the service sector underscores the additive manufacturing industry's robust need for post-sales service and support.

The additive manufacturing industry is undergoing significant growth, with services playing a crucial role in driving this expansion. The company will focus on capitalizing on this trend by enhancing its service offerings and continuing to innovate in product development to drive business growth, as illustrated in the following diagram.



Additive Manufacturing (AM) is increasingly recognized as the mainstream choice for a series of production applications. It eliminates the need for expensive tools such as molds and dies and is capable of producing highly complex parts. AM enables small-batch production, customized products, lightweight structures, intricate internal features, and the consolidation of multiple components into one production. Global expenditure on final part production annually is

increasing. It is estimated that in 2023, expenditure on AM parts for final products reached \$40.6 billion, marking a 23.1% increase from the previous year, as illustrated in the following diagram.

Year	Growth	Year	Growth
2008	19.9%	2016	18.0%
2009	22.8%	2017	32.4%
2010	14.2%	2018	29.2%
2011	22.4%	2019	22.5%
2012	17.9%	2020	23.9%
2013	22.6%	2021	22.8%
2014	22.7%	2022	21.2%
2015	20.6%	2023	23.1%

Source: Wohlers Report 2024

2. Links between the mid- and downstream of the industry

Fig. 1: Composition of MFPs

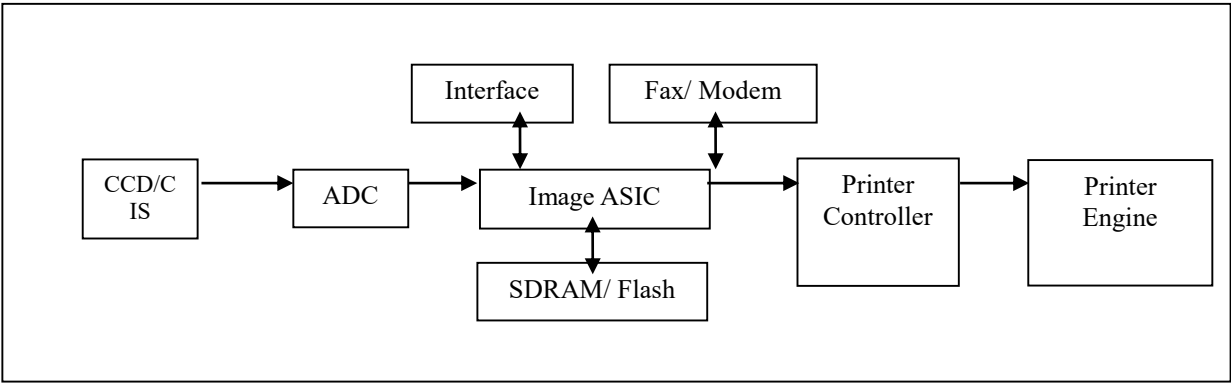


Fig. 2: Composition of wide format printers

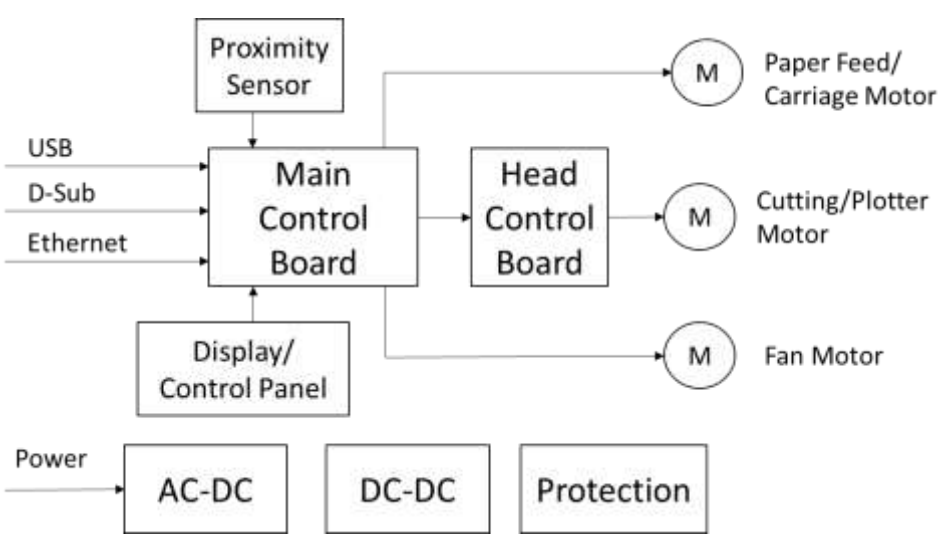
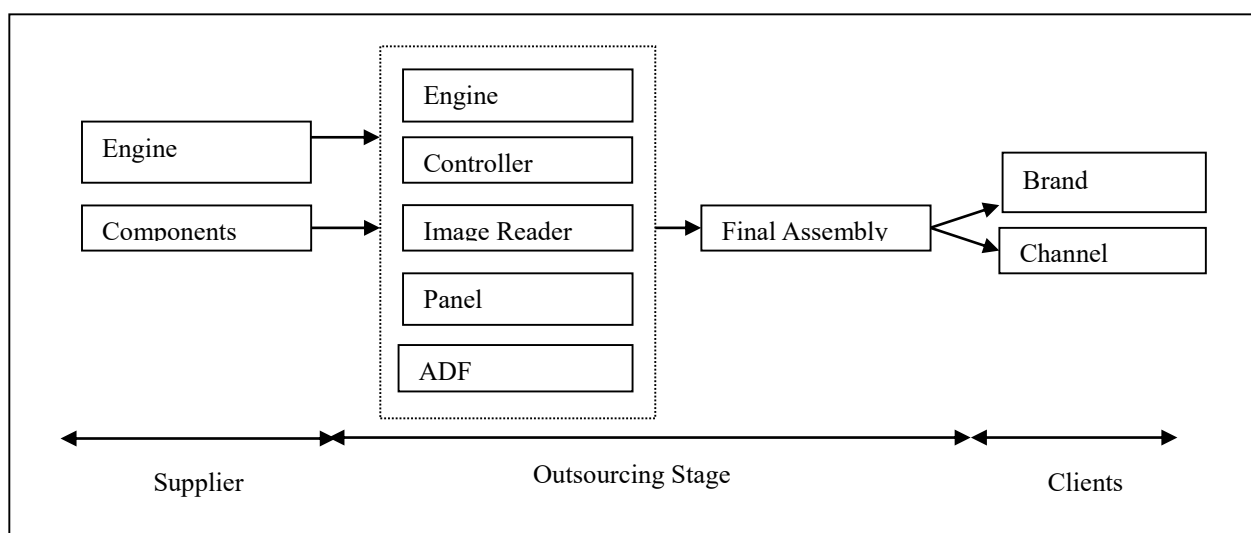


Fig. 3: Industrial links among major products.

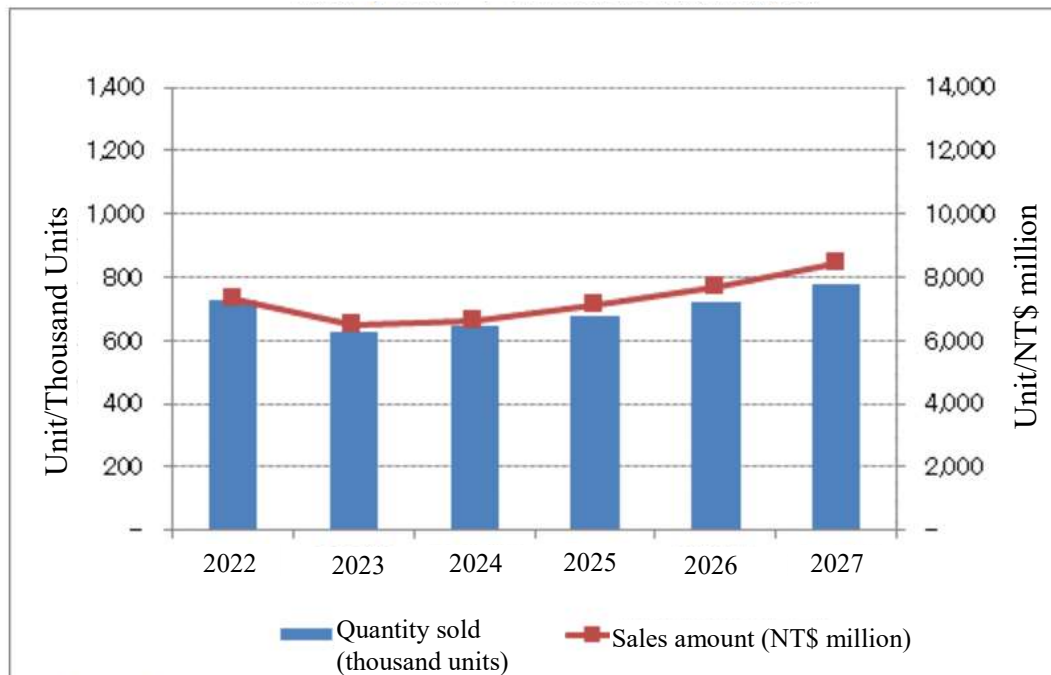


3. Development trends and competition for the company's products

The summary of China's photocopier market in 2023 is as follows: <Economic Background>

In 2023, the lockdown policy was lifted throughout the nation and people were allowed to move freely. Some of the purchases that were postponed last year were implemented between January and March, so were the purchases of equipment in the new year. In Q1 of 2023, the sales in the copier market performed well. However, as of Q2, China's economic recovery has not lived up to expectations, particularly private enterprises and small- and medium-sized enterprises with the difficulty in running business. The growth rate of fixed asset investment of private enterprises began to decline after April, and the Purchasing Managers' Index (PMI) of small- and medium-sized enterprises kept staying below the critical point. Therefore, small- and medium-sized enterprises have generally adopted a cautious policy towards office equipment procurement. Further, as the government's budget for office equipment was cut in 2023, the government's procurement volume related to office equipment also declined greatly. The overall sales volume of MFPs was decreasing. Each manufacturer adjusted its sales policy rapidly and invested a lot of resources in the sales of colorful MFPs, in an effort to expand the sales of colorful MFPs. The overall market demand was shrinking. It is anticipated that in 2024, the total sales volume of photocopiers will remain relatively stable, with a slight increase.

The overall photocopier market scale in China, 2022 to 2027



*All copiers refer to the total of A3 black-and-white copiers and A3 colorful copiers.

(Copyright © Key Research Inc China Office Equipment Market Newsletter May, 2024)

From 2023 to 2027, the expected market overview of A3 MFPs is summarized as follows:

- (1) In 2023, China's economic recovery is not as good as expected. As enterprises acted more cautious about the procurement of office equipment, the MFP market was expected to continue the negative growth trend in 2023. The sluggish economy might continue for another two years. MFP manufacturers have adjusted their sales policies and focused on sale of colorful copiers deriving higher yields and thereby promoted the market expansion of colorful copiers.
- (2) Even small- and medium-sized enterprises have gradually increased their demand for e-documents, and their requirements on convenient output also became stricter. Therefore, the new A3 low-end black-and-white MFPs, through the configuration of Wifi functions, enhanced the scanning function (automatic double-sided scanning or increasing scanning speed), and convenient output operation with smart phones, etc., have made A3 low-end black-and-white MFPs become the output device more suitable for small- and medium-sized enterprises.
- (3) Compared with A4 laser products, it is easier to operate A3 products, and the printing costs for original consumables are lower. The advantages, such as better product durability, make A3 products competitive.
- (4) The low-end colorful copiers are cost-effective. Therefore, customers of traditional medium-speed black-and-white copiers might be more willing to purchase colorful copy machine. With the expansion of the user base, the demand for colorful copiers has also been promoted.
- (5) Copier manufacturers have expanded their investment in the colorful copier market. The leading manufacturers have launched new products and further subdivided them. Meanwhile, they have increased the printing speed and expanded their product lines.
- (6) The market is huge in China. Currently, there are 146 million participants in the market of China. Among the other things, there are 400,000 industrial enterprises of specific scale, and 40 million SMEs. The output devices manufactured by many ordinary enterprises, as indispensable equipment in offices, will still exist permanently.
- (7) The pandemic has made enterprises aware of the importance of digitalization increasingly. Enterprises need to seek the solutions for optimization of the file management, pursuit of higher work efficiency and reduction of costs.

- (8) Large- and medium-sized enterprises and industry-leading enterprises focus on industrial upgrading. In 2024, the government's main economic focus will shift from promotion of domestic consumption to encouragement of industrial upgrading. As large- and medium-sized enterprises are promoting digital transformation proactively, in order to improve efficiency and reduce costs, it is necessary to further improve their IT infrastructure and perfect their information management systems. Therefore, the proposal for related solutions has brought about the demand for upgrading medium- and high-speed MFPs and colorful MFPs. Documents related to workflow must exist. Although there has been an increase in electronic demand and the trend of paperless promotion, only valuable documents will be printed out. As output documents are valuable, the color output can produce better effects.
- (9) Distributors have also begun to call for the promotion of file management services to existing corporate customers to help customers solve problems, such as offices' management costs.
- (10) The copier rental business continues to expand and, therefore, the general enterprises are willing to accept the copier rental business increasingly. Rental and self-service models are also basically adopted in shared offices and common areas. This trend will continue.

The product development trends of wide format cutting plotters/printers are:

- (1) UV inkjet: comparing to the conventional gel printing, it features bright colors, various substrates for printing, and quick-dry. The applications expand gradually from outdoor advertisement, home decoration, label printing, textile prints, and glass decorations.
- (2) Printing technology saving inks, and the green toxic-free eco ink materials.
- (3) Access to the wireless network to print from the cloud.
- (4) Continual optimization of image design software, and continual simplification of operation interfaces of machines.

The current major suppliers of wide format printers are AGFA-GEVAERT, Canon, Durst, Epson, HP, Konica Minolta, Mimaki, Ricoh, Roland, and Fujifilm.

(III) Technologies and the research and development work

The listing of research and development expenditures as well as technologies and/or products successfully developed during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: please refer to page 2 of the annual report.

(IV) Long and Short-Term Business Development Plans

1. Short-term business development plans

Due to the unfavorable factors, such as the constant geopolitical risks arising from Sino-US trade war, Russia-Ukraine War, Israel-Palestine War, and others, such as inflation and raw material price rise, TiS will pay attention and respond to it proactively. In addition to strengthening inventory and hedging for supplies management, TiS will continue to improve its factory processes, strive for OEM opportunities, and develop and expand new products other than multi-function machine to respond to the changing market in the future.

2. Long-term business development plans

As the subsequent economic turmoil has become the norm, TiS's future business focuses include the development of MFPs and also implementation and verification of UV ink jet technology, establishment of UAV delivery platform, 3DP post-processing technology, establishment of a new platform for future system control and factory automation. Disperse profit risk with diversified services.

(1) MFP:

The overall market of black-and-white photocopiers tends to remain constant and even decline. In the future, the product share of Chinese brands will continue to erode the products of foreign brands. The proportion of Chinese brand products in black-and-white photocopiers is currently about 6%, and it is expected that the growth will reach 30% in next 2-3 years, which will continue to erode the market of foreign brand products.

Colorful copiers, which experienced a 6.4% decline in 2022 due to the pandemic, and a 1.9% decline in October 2023, are expected to grow by over 11.7% until 2027. The share of color photocopiers in the overall photocopier market increased from 28.5% in 2021 to 33.7% in 2022. The low-end (15-23ppm) color photocopiers are expected to undermine the mid-speed (30ppm) black-and-white photocopier market.

- A. Monitor the market trend of photocopiers outside China: Sales representatives will visit customers to investigate and understand the trend, in order to formulate future strategies for black-and-white photocopiers.
 - B. Closely observe the trend of China's information technology application innovation industry and look for solutions: The information technology application innovation industry was launched in 2016, and the goal of a central state-owned enterprises is to replace 100% of information technology application innovation industry in 2027. This will be a threat to foreign brands in the future.
 - C. Completion of new platform modularization development: This is expected to be completed by Q3 2024, and will be suitable for monochrome Seg2/3 and 30ppm color A3 models, expanding TIS's product range in the field of MFP.
- (2) Expansion of UV inkjet quick-drying and 3DP printing applications: In addition to production opportunities for color labelers and wide format printers (WFP), they can also be applied to 2D Bar Code printing needs. The business model will be expanded from not only ODM/OEM but also the profit model of printing services.
 - (3) Establish and introduce SLS 3D printing technology and expand the 3DP production base: In 2024, the Company will implement the fifth generation 3DP equipment and expand the production base, which is expected to reduce the production cost by 55% and enhance the printing performance by 34%. We will also gradually introduce AI-assisted design, which will increase design efficiency by more than two times.
 - (4) Establishment of TIS drone autonomous flight platform: We will introduce the edge computing platform and AI system, combined with the flight control system, toward the goal of autonomous flight without human control. The target is a dual system for military and civilian use.

II. Overview of market and production and sales

(1) Market analysis

1. Territories where main products are sold

Unit: NT\$1,000

Region \ Amount	2021		2022		2023	
	Sales	%	Sales	%	Sales	%
Asia	1,679,325	94.80	1,627,453	94.47	1,125,911	94.09
The Americas	8,264	0.47	15,995	0.93	7,342	0.61
Europe	73,832	4.17	71,480	4.15	60,630	5.07
Oceania	9,952	0.56	7,839	0.45	2,789	0.23
Total	1,771,373	100	1,722,767	100	1,196,672	100

2. The supply and demand and growth potential of the market in the future

Due to the unfavorable factors, such as the constant geopolitical risks arising from Sino-US trade war, Russia-Ukraine War, Israel-Palestine War, and others, such as inflation and raw material price rise, TiS will pay attention and respond to it proactively. In addition to strengthening inventory and hedging for supplies management, TiS will continue to improve its factory processes, strive for OEM opportunities, and develop and expand new products other than multi-function machine to respond to the changing market in the future.

3. Competitive niche

With the development experiences and skills accumulated over the years, TIS has established a wide range of advanced technologies, including electronics, software, mechanical designs, optics,

communications, network and hand-held device software. Through years of partnerships with major Japanese MFP manufacturers, we have also established excellent product certification, production management and quality management capabilities. With such diverse technologies and the management platform, we can step into industries other than MFP to diversify our product designs and production technologies, thereby leading to innovation and outstanding performance. Meanwhile, centering on the core technology of MFP, we actively research various new concepts, strive for more 3D printing production projects, tap into the technological advantages of 3D printing to reduce the number of parts used, and improve product performance, while lowering the minimum order quantity requirements and shortening the development cycle, to enhance product competitiveness.

4. Favorable and unfavorable factors of development and countermeasures

Favorable factors

- (1) In addition to the design and manufacturing of MFP, we have established the product lines of wide-format printers and label printers to expand the markets and the client base, thereby reducing the risk of product and customer concentration.
- (2) We have established a production site in Taiwan to diversify the risk of only having a single production site, so as to provide clients with more choices. In addition, by incorporating 3D printing and Cobot, we have established advanced smart manufacturing technology and capabilities, thereby enhancing our manufacturing competitiveness.
- (3) With the 3D printing technologies, we can develop more diverse product applications for startups and other niche application areas to expand our business.

Unfavorable factors

- (1) In 2023, China's economy still showed no growth and even recovered less than the expectation after lifting of the lockdown policy. The factors, including China's telecommunication industry sanctions, tariffs of 10% - 25%, semiconductor sanctions, and semi-conductor talent ban, have caused the overall economic recession. In terms of the overall market of photocopiers, the customers and the sales end will invest more resources in the sales of color photocopiers and the promotion of solutions. It is expected that the color photocopier market will continue to grow and erode the black-and-white photocopier market in the future.
 - (2) The overall market of black-and-white photocopiers tends to remain constant and even decline. In the future, the product share of Chinese brands will continue to erode the products of foreign brands. The proportion of Chinese brand products in black-and-white photocopiers is currently about 6%, and it is expected that the growth will reach 30% in next 2-3 years, which will continue to erode the market of foreign brand products. Colorful copiers, which experienced a 6.4% decline in 2022 due to the pandemic, and a 1.9% decline in October 2023, are expected to grow by over 11.7% until 2027. The share of color photocopiers in the overall photocopier market increased from 28.5% in 2021 to 33.7% in 2022. The low-end (15-23ppm) color photocopiers are expected to undermine the mid-speed (30ppm) black-and-white photocopier market.
 - (3) Due to the unfavorable factors, such as Russia-Ukraine war, inflation and high raw material prices, TiS still needs to be careful for the changes in the macro environment, keep something for a rainy day and take precautions before they happen. The Company takes advantage of the lack of capacity in key electronic components to build a one-year safety stockpile as a hedging policy. Meanwhile, the Company will evaluate alternative materials for key electronic components and complete the design change within one year to increase the security of supply and reduce the impact posed by the shortage of materials.
- (2) Important functions and production processes of main products
1. Important functions of the main products
 - (1) Plain Paper Fax Machine

The laser MFP, with the fax machine as the main body, is equipped with the functions of photocopying, printing and faxing from computer, to maximize the multiple functions of a single printer. It meets the basic needs of the office with a small size at the most economical cost.

(2) Digital Multi-function Peripheral (MFP)

The new generation of office peripherals are developed toward digital MFPs that are equipped with multiple functions, including photocopying, printing, scanning, faxing and network applications. As such, we provide a complete document processing solution to the office with the most efficient application.

(3) Image scanners/modules

An image scanner is a computer peripheral input device that combines optical, electronic, mechanical and software (information) technologies. It allows for input of various image data, such as text, patterns and photos, and converts such into an input signal that can be recognized by the computer; and can be combined with software for various applications.

(4) Fax controllers/modules

A fax controller is a communication device that combines electronic and software (information) technologies. It can convert text, patterns and images into input signals that can be recognized by the computer, and transmit them to another fax controller through a telephone line; and can be combined with software for printout or editing.

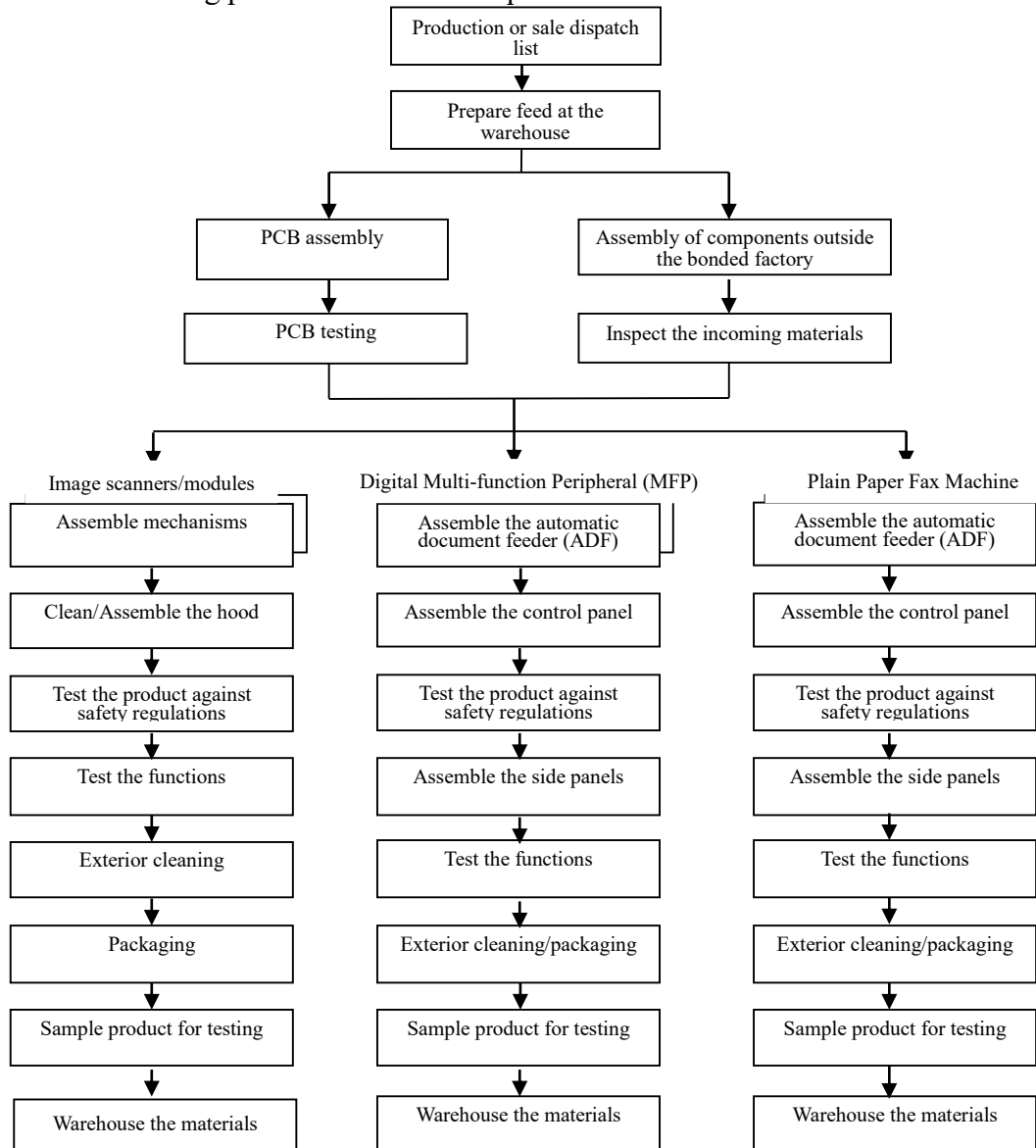
(5) 3D printing-related products

With the direct manufacturing technology based on digital model files, a printer reads the cross-section data in a file, prints these cross-sections layer by layer with liquid, powder or flakes, and then glues the layers together in various methods to create an object. The feature of this technology is that it can create objects in almost any shape.

(6) Industrial Printer

Featuring high-speed inkjet printhead, ink and precision mechanism, digital printing has replaced traditional printing, and is suitable to the needs of a wide variety of items in a small quantity, with shortened delivery time and green manufacturing.

2. Manufacturing processes of the main products



(II) Supply of major raw materials

Mechanism parts: The main parts are plastic molding, metal processing and packaging cartons. The supply and demand of raw materials in the market is stable and suppliers' production capacity is considered sufficient. The suppliers meet TiS's needs for production and always ship the goods on time.

Electronic parts and components: The main components are semi-conductors, wires, batteries, capacitors, resistors and PCB. The Company has established the stable supply relationship with suppliers. For the main parts and components, the Company continues to integrate suppliers and deepen strategic cooperation to ensure the successful supply.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures:

2. Major suppliers in the most recent two years:

Unit: NT\$1,000

Item	2022			Item	2023			Item
	Name	Amount	As A Percentage of the Annual Purchase (%)		Name	Amount	As A Percentage of the Annual Purchase (%)	
1	K	238,119	17.62%	None	K	139,831	19.63%	None
2	Others	1,113,310	82.38%	None	Others	572,452	80.37%	None
	Annual Purchase	1,351,429	100.00%		Annual Purchase	712,283	100.00%	

Reason for changes: Primarily because the Company's purchase of materials such as IU/PH from company K decreased due to the decrease in the Company's sale of MFP systems X in 2023.

2. Major clients in the most recent two years:

Unit: NT\$1,000

Item	2022				Item	2023		
	Name	Amount	As A Percentage of the Annual Sales (%)	Relationship with the Issuer		Amount	As A Percentage of the Annual Sales (%)	Relationship with the Issuer
1	X	1,301,171	75.53%	None	X	845,934	70.69%	None
2	Z	125,896	7.31%	None	Z	122,798	10.26%	None
3	M	124,231	7.21%	None	M	102,410	8.56%	None
4	Others	171,469	9.95%	None	Others	125,530	10.49%	None
	Net sales	1,722,767	100.00%		Net sales	1,196,672	100.00%	

Reason for changes: Customer X's sales volume of black-and-white copiers in China was not as good as expected due to the weaker recovery of China after the pandemic. As a result, the operating revenue fell significantly from the same period of previous years.

(V) Production volume and value for the most recent two years

Unit: NT\$1,000

Production Volume and Value Main products (or by department)	Year	2022			2023		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Digital Multi-function Peripheral (MFP)		849,109	762,885	1,502,340	589,124	530,412	1,000,303
Others		281,104	252,559	173,437	179,680	161,773	120,037
Total		1,130,213	1,015,444	1,675,777	768,804	692,185	1,120,340

(VI) An indication of the volume of units sold for the 2 most recent fiscal years

Unit: NT\$1,000

Sales Volume and Value Major Products	Year	2022				2023			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Digital Multi-function Peripheral (MFP)		8,376	190	319,374	1,442,235	0	0	250,768	986,347
Others		407,698	12,608	101,244	267,734	276,640	9,307	41,928	201,018
Total		416,074	12,798	420,618	1,709,969	276,640	9,307	292,696	1,187,365

III. Employees

Year		2022	As of 2023	As of March 31, 2024
Number of Employees	Indirect Labor	179	150	147
	Direct Labor	149	141	130
	Total	328	291	277
Average Age		39.2	40.35	40.4
Average Seniority		6 years and 5 months	6 years and 5 months	7 years and 2 months
Education background distribution	Ph.D.	0%	0%	0%
	Master's	11.3%	9%	9%
	University or college	31.4%	30%	30%
	High school	13.7%	15%	16%
	Below high school	43.6%	47%	45%

IV. Environmental Protection Expenditures

(I) Losses due to environmental pollution in the past two years

	<u>2022</u>	<u>2023</u>
1. Pollution status (type, degree)	None	None
2. Object of compensation or authority taking disciplinary actions	None	None
3. Amount of compensation or circumstances of disciplinary actions	None	None
4. Other losses	None	None

(II) The Company's pollution prevention and management measures

1. Business waste treatment:

(1) General business waste:

The Company recycles and reuses wastes in accordance with laws and regulations, reduces waste disposal and transportation costs, reuses available resources, and follows processing procedures in accordance with regulations, in order to achieve environmental protection and meets the requirements of laws and regulations.

(2) Hazardous business waste:

The Company engages Class A waste disposal organizations certified by the Environmental Protection Administration to disposal of business waste produced by the Company such as waste chip boards, waste hardware, and waste organic solvents, conducts unscheduled inspections and audits of its waste disposal procedures, and follows the reporting and handling procedures in accordance with the regulations, strictly managing and inspecting to avoid secondary pollution and to comply with regulatory requirements.

2. Information about the Company's compliance with the European Commission Restriction of Hazardous Substances (RoHS) Directive:

The Company's products are directly and indirectly exported to Europe and are thus subject to the RoHS Directive; the Company provides relevant certificates upon request to comply with the directive.

(III) Environmental Protection Investment Results

1. The Company actively engages in energy saving and carbon reduction, recycling and reusing to meet regulatory requirements.
2. The Company rigorously manages the pollutant emission inside and outside the factory, and conducts regular monitoring and tests to avoid protests and intangible losses to the company's image.

3. The Company recycles recyclable and reusable resources from business waste, thereby reducing the cost of waste disposal.
4. The Company has added greenery to the working environment, improved the quality of the working environment, and strengthened industrial safety management in order to avoid industrial and occupational accidents.
5. The Company strictly requires its upstream and downstream suppliers to cooperate with its environmental policy and the RoHS Directive, and urges them to reduce the negative effects on the environment during the process of raw materials, packaging and transportation in order to achieve environmental protection and comply with regulatory requirements.
6. The Company proactively learns about international trends of environmental protection, engages in research and development, improves its processes, and produces products that meet international regulatory requirements.

(IV) 2023 Environmental Protection Plans

1. Recurring expenses for a variety of environmental inspections (operational environmental monitoring, drinking water quality testing, etc.).
2. Costs of safety, sanitation and environmental protection equipment inside and outside the plant, purchase of additional fire-fighting equipment, and building safety inspection expenses (fire-fighting facilities, fire extinguishers, smoke detectors, heat detectors, escape instructions, protective equipment, etc.).
3. Training expenses for environmental management personnel (environmental safety and health, internal auditing, emergency response, special operation control, fire prevention manager, first aid personnel, environmental management license, etc.).
4. Internal environmental education and training courses for the employees and external communications with the Company's neighbors and third-party companies (environmental safety and health, fire prevention coordination, fire drills, plant inspections, etc.).
5. Environmental improvement expenses, energy-saving lamp installation, etc.

Expenses related to the above items amounted to NT\$550,000.

(V) Work environment and employee safety protection measures

1. Safety and health management:

In accordance with the "Occupational Safety and Health Management Regulations," a dedicated management unit has been established. The Company also prepares the "Occupational Safety and Health Management Plan," regularly conducting safety, health and environmental protection work to maintain the safety of equipment and personnel.

2. Emergency response drills:

In accordance with the Fire Services Act, the Company has established a comprehensive fire-extinguishing system. The Company conducts regular maintenance, inspection, and disaster emergency response training and drills, and submits building and fire services reports to ensure safety in the working environment.

3. Environmental inspections:

The Company implements quarterly inspections of drinking water quality, semi-annual inspections of the working environment, and annual disinfection of the working environment, to ensure a hygienic working environment.

4. Work safety management:

In accordance with the Occupational Safety and Health Act, the Company has established the "Safety and Health Code of Practice" to ensure employees' personal safety, reduce the occurrence of accidents and safeguard the Company's human assets.

5. Health care:

In accordance with the "Labor Health Protection Rules," the Company provides its employees with

annual health checkups that are better than those required by law, in order to encourage self-health management.

6. Training and education:

Regular annual occupational safety and health training, as well as publication of safety and health leaflets, to enhance employees' knowledge and reduce occupational injuries.

(VI) TiS is not classified as an energy-intensive industry. According to the roadmap for sustainability released by the Financial Supervisory Commission (FSC), listed companies with capital below 5 billion NTD must complete the inventory of their 2025 greenhouse gas emissions by 2026. However, as responsible global citizens, our company voluntarily completed our first greenhouse gas inventory for 2022 in 2023. We are committed to reducing our environmental impact and regularly report and discuss potential greenhouse gas emissions from our operations in internal meetings. According to the FSC's schedule, we plan to complete external verification and assurance of our 2027 greenhouse gas emissions by 2028.

1. Environmental Management Targets and Measures

(1) Environmental Management Targets:

To combat climate change, the Company has been continuously promoting office afforestation and energy saving programs. Moreover, the Company implements pollution source control, prevention and continuous improvement efforts to reduce the impact of its operations on the environment. The Company plans to continue replacing and adjusting old air-conditioning equipment and installing energy-saving LED lighting fixtures, improve the efficiency of air-conditioning and lighting systems, and add greenery to improve indoor air quality in the offices. Meanwhile, the Company has been supporting renewable energy by investing in solar energy industry and installing solar panels on the roofs of its plants, which not only produce renewable energy, but also reduce the indoor temperature and air conditioning usage, so as to reduce energy consumption and do its part in protecting the earth.

(2) Environmental Management Measures

1. Replacing the wind screens of air conditioning cooling towers.
2. Regularly cleaning the air conditioning cooling towers and removing algae with medicine.
3. Regularly cleaning the air conditioning units and air intake filters.
4. Replacing old and unserviceable air conditioners and installing new ones.
5. Installing energy-saving LED flat panel lights.
6. Increasing the number of green pot plants in public areas and offices.

(3) Environmental Management Results

1. Rearranged office areas to reduce 10% of vacant areas and air conditioning and lighting usage.
2. Replaced 6 sets of wind screens of air conditioning cooling towers.
3. Cleaned the air conditioning cooling towers and removing algae with medicine 36 times.
4. Cleaned 15 air-conditioning units.
5. Cleaned air-conditioning unit filters 90 times.
6. Replaced 1 old and unserviceable air conditioner.

2. Energy Saving and Carbon Reduction Targets and Measures

(1) 2023 Energy Saving Targets

In accordance with ISO 14064, the main source of greenhouse gas emissions is the use of electricity, and the Company reduces carbon emission by saving energy, continuing promoting energy management and actively facilitating energy-saving projects. With 2022 as the base year, the target is to achieve a 3.5% reduction in electricity consumption by 2024.

Year	Electricity consumption (kWh)
2022	1,314,999
2023	1,166,087

(2) 2023 Carbon Reduction Targets

Since the impact of climate change is one of the common environmental issues around the world, it is the responsibility of all countries to mitigate the greenhouse effect. In accordance with ISO 14064, the Company sets annual carbon reduction targets and continues promoting emission reductions. With 2022 as the base year, the target is to achieve a 10-ton reduction in carbon emissions by 2024.

(3) Energy Saving and Carbon Reduction Measures

A. Promoting energy saving measures and concepts of energy saving and carbon reduction in plants and offices

- Factory lighting replaced with LED fixtures and power saving bulbs
- Turning off lights during lunch break, after work and when people leave
- Adjusting illumination level to reduce the amount of lamps used

B. Air conditioning performance improvement

- Cooling towers shall be regularly dosed to reduce algae breeding and prevent lowered water cooling efficiency
- Regularly cleaning air conditioner filters and air conditioner unit pipelines
- Replacing old split-type air conditioners with energy saving air conditioners
- Enabling automatic switch-on/off mechanism to avoid wasting power in idling

(4) Energy saving and carbon reduction results and future management targets

In the future, the Company will continue to implement power consumption, temperature control, and air conditioning management, improve power consumption efficiency, and achieve carbon reduction goals through energy control measures.

V. Labor Relations

The Company has good labor relations and continues enhancing various employee welfare policies.

(I) The Company's employee benefits, education, training, retirement systems and their implementation, labor agreements and measures to protect the rights and interests of employees:

1. Employee benefits and implementation:

- (1) The Company's employees are covered by labor insurance, national health insurance and employee group insurance from onboarding day.
- (2) The Company has established an Employee Benefits Committee, which coordinates the implementation of all benefit policies.
- (3) Currently, all leave, working hours and other labor conditions are handled in accordance with the Labor Standards Act; the Company adopts flexible working hours and five-day work weeks.

(4) Current employee benefits:

- A. comprehensive system of labor insurance, national health insurance, and employee group insurance.
- B. Flexible working hours and five-day work weeks.
- C. Diversified employee training and education.
- D. Free shuttle buses and parking for employees.
- E. Well-equipped staff dormitory.
- F. Free lunch at the staff's restaurant.
- G. Domestic and overseas trips and recreational activities for employees.

- H. Holiday gifts.
 - I. Birthday gifts for employees.
 - J. Year-end dinners and lucky draws for employees.
 - K. Employees and children education grants
 - L. Subsidies for weddings and funerals provided by the Company and the Employee Benefits Committee.
2. Employee education and training and its Implementation
- (1) Employee education and training is implemented in accordance with the Company's training-related policies such as "Human Resources Management Procedures" and "Education and Training Management Procedures." The Company actively provides its employees with various learning and development opportunities to cultivate outstanding talents with global perspectives and active learning.
 - (2) Education and training hours in 2023: 16 participants attended external training, 57 participants attended internal training and 104 participants attended seminars, with an average of 12 hours of training per person.
3. Retirement system and implementation:
- (1) The Company's employees' retirement system and methods are governed by the Labor Standards Act and the Labor Pension Act.
 - (2) The Company has established the Labor Retirement Reserve Fund Supervisory Committee to oversee the implementation of the retirement system.
 - (3) In accordance with R.O.C. SFAS No. 18, the Company engages an actuary to evaluate and calculate the labor retirement reserve fund and submit an actuarial valuation report.
- Effective July 1, 2005, the Company makes monthly contributions of 6% of employees' wages to employees' individual pension accounts in accordance with the Labor Pension Act.
4. Agreements between labor and management and measures to protect employees' rights and interests:
- The Company has always adhered to the management style of autonomy and full participation of all employees. Through regular meetings, education and training, and effective communication between each department head and his or her staff, labor relations are harmonious in the Company.
5. Employees' code of conduct or ethics:
- In order to maintain the order of employment in the workplace and to clearly regulate the rights and obligations of employers and employees, the Company has established the "Work Rules" in accordance with the law, which are publicly disclosed upon approval by the competent authorities. In addition, the Company enters into an "Employment Agreement" with its employees, so that the Company follows certain standards when managing its employees; the main contents in the Agreement include:
- (1) Service standards.
 - (2) Trade secrets.
 - (3) Intellectual property rights.
 - (4) Non-compete.
6. Internal procedures for handling material information:
- In order to establish a good internal mechanism for handling and disclosing material information, to avoid improper disclosure of information, and to ensure the consistency and correctness of information published by the Company to the public, the Company has added "insider trading prevention" to its internal control system, which was approved by the Board of Directors on December 21, 2009 and revised and approved by the Board of Directors on March 17, 2014. Meanwhile, the addition of the "Operating Procedure for Handling Internal Material Information"

was also approved on November 3, 2022, and already informed to directors, managers and employees.

- (2) For losses suffered by the Company due to labor disputes in the most recent year and up to the date of publication of the annual report, please disclose an estimate of the losses that may be incurred at present and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the reasons why it cannot be made shall be provided: The Company previously dismissed Mr. M. However, Mr. M applied with the Taipei City Department of Labor for a mediation regarding the employment relationship. Through the amicable communication and negotiation, both parties have reached the agreement on the dismissal, and the dispute was settled.

VI. Cyber security management

(I) Cyber security risk management framework

1. Organization

- (1) The Company's information security unit is the Information Engineering Division, which has an information manager and professional information personnel responsible for setting internal information security policies, planning and implementing information security operating procedures, and promoting and implementing information security policies.
- (2) The Company's Audit Office is the supervisory unit for information security. The Audit Office has an audit manager who is responsible for supervising the implementation of internal information security. If deficiencies are found, the audit unit is immediately requested to propose specific improvement measures, and tracks the effectiveness of the improvements to reduce internal information security risks. The audit results are reported to the Board of Directors on an annual basis.

2. Risk Management for Information Security:

Management of data centers, computer information security, network security, mail security, information system control access, etc.

(II) Information Security Policy

1. Information Security Targets:

To establish a secure and reliable computerized operating environment to ensure the security of the Company's data, systems, equipment and network to protect the interests of the Company and the sustainable operation of each unit's information system.

2. Scope of Information Security:

- (1) Staff management and information security training.
- (2) Computer system security management.
- (3) Network security management.
- (4) System access control.
- (5) System development, maintenance and security management.
- (6) Information asset security management.
- (7) Physical and environmental safety management.
- (8) Information security audits.

3. Rules to be followed by the employees:

- (1) In order to maintain data integrity, computer data and equipment shall not be arbitrarily destroyed, taken out, lent, or improperly modified.
- (2) Non-copyrighted software is prohibited.
- (3) It is prohibited to use of the Company's network with external information and communication devices, and the Company does not provide network connection services when external personnel visit the company, so as to prevent the intrusion of viruses and prevent computers installed with unauthorized software from connecting to the company's network.

- (4) After connecting to the host, one shall exit the system when the work is finished or when the machine won't be used for a long time, in order to avoid confidential data leakage, damage or crash.
- (5) The information unit shall measure the relevance of the data for appropriate disposal when an employee resigns or when a job is handed over.

(III) Management measures

1. Infrastructure (electrical services, air conditioning services, network and telecommunications services, fire protection, environmental control)
 - (1) Power systems: equipped with UPS system and diesel generator. In the event of circuit abnormality, the UPS system immediately supplies power, and the diesel generator starts within 60 seconds and continuously supplies power for 24 hours.
 - (2) Air conditioning systems: Equipped with two invisible hanging air conditioners 、two wall-mounted air conditioners and one water-cooled air conditioner.. When the temperature gets higher than 25 degrees Celsius, the invisible hanging air conditioners automatically and simultaneously activate; when the temperature is below 25 degrees Celsius, only two wall-mounted air conditioners and one water-cooled air conditioner operate to maintain the cooling effect.
 - (3) Networks: Seven network connections, including FET and Chunghwa Telecom, are adopted for external network services.
 - (4) Fire-fighting systems: equipped with temperature differential detectors and automatic carbon dioxide fire extinguishing devices, and complemented by standalone handheld fire extinguishers.
 - (5) Environmental control: In the event of abnormal power and temperature, relevant personnel will be notified via e-mail.
2. Information equipment
 - (1) Enterprise Resource Planning (ERP) system: Two ERP hosts, production and stage. The production provides ERP service, and the stage is for the developers to carry out testing and then import the data into production.
 - (2) E-mail system: The e-mail system service is set up on two hosts, one as a redundancy.
3. Firewall and load balancing device:
 - (1) The firewall determines whether to allow or block specific traffic and protect against viruses and network attacks as defined by security rules, and the load balancing device provides backup for external network services.
 - (2) Physical area control (data center access control area)
 - (3) The data center is controlled with a separate access card, so that unauthorized personnel will not be able to enter, and authorized personnel shall record the time and reason for entering the data center.
4. Information System Control
 - (1) Computer system control: Only company computers are allowed for office work. Purchase of a new computers must be submitted to the information department for security environment setup and account permissions.
 - A. Using specific brands and models of computers
 - B. Joining the company domain for account access control
 - C. Web browser security settings
 - D. Installing specified anti-virus software
 - (2) Web behavior control: The Company restricts web pages by category, blocks malicious websites, records website visits, and tracks traffic and behaviors. Application traffic is monitored and blocked when necessary.

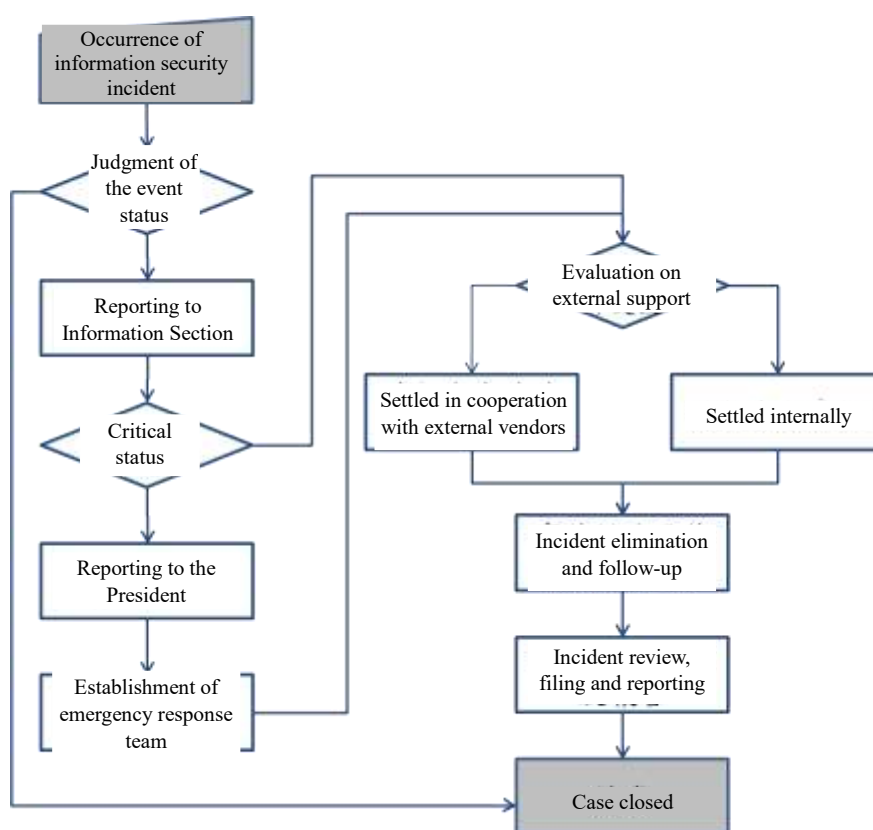
- (3) Personnel access control: System manager, administrator, and general users are controlled by separate authority.
- (4) Access Restrictions:
 - A. The core system allows only authorized personnel to connect, and limits the location of the connected computers and the connection methods.
 - B. The file server only allows permitted personnel to access data.
- 5. System Audit Management
 - (1) Internal audit: Internal audit management is conducted once every six months in accordance with the company's internal computer information management system.
 - (2) External audit: An information system audit is conducted by CPAs on an annual basis to review operation-related systems and management practices.
- 6. Information Defense Measures

Different brands of anti-virus scanning are used for different types of security devices to enhance virus identification.

 - (1) Firewalls:
 - A. New firewall applications with virus code update for real-time scanning of traffic content.
 - B. Firewalls identify connection behaviors, categorize websites, block malicious websites, as well as malicious links and malware.
 - (2) Network Segment Isolation:
 - A. The internal network is divided into different segments based on departments and system services.
 - B. In the event of virus infection, segments make it difficult for viruses to spread and isolate suspicious network segments.
 - C. With monitoring systems, locations of abnormal network behaviors can be identified.
 - (3) Server Updates: Patches internal host vulnerabilities and automatically releases updates.
 - A. Major updates and security updates: instant downloads and manual updates.
 - B. General updates: Scheduled downloads and updates at off-peak time.
 - (4) Anti-virus software:
 - A. The console divides users and servers into groups for management. Company-wide virus status can be monitored from the anti-virus console.
 - B. Anti-virus software is installed on the user side, scheduled for automatic updates, with regular scans.

(IV) Emergency Report Procedures

The Company's information security incident report procedures are as follows. All information security incidents shall be reported and handled in accordance with these procedures.



(V) Losses due to major information and communications security incidents, possible impact and response measures during the most recent fiscal year and during the current fiscal year up to the prospectus publication date. If the loss cannot be reasonably estimated, elaborate on the reasons why it cannot be reasonably estimated with facts: None.

VII. Important Contracts: None.

Six. Financial Overview

I. Condensed Balance Sheet, statements of comprehensive income, Certified Public Accountant and Audit Opinion for the past five years

(I) Condensed balance sheet for the past five years:

Condensed Balance Sheet - Consolidated

Unit: NT\$ Thousand

Year \ Item		Financial information for the past five years				
		2019	2020	2021	2022	2023
Current assets		1,235,009	973,999	993,371	1,049,308	911,534
Property, plant, and equipment		24,100	25,175	33,643	33,515	42,886
Intangible assets		7,629	3,799	6,329	5,761	7,383
Other assets		1,200,510	1,374,668	2,129,718	1,953,958	2,186,873
Total assets		2,467,248	2,377,641	3,163,061	3,041,542	3,148,676
Current liabilities	Before distribution	616,623	636,268	904,325	835,424	537,450
	After distribution	666,139	647,522	950,465	892,818	593,718 (Note 1)
Non-current liabilities		43,568	40,323	35,063	129,427	83,784
Total liabilities	Before distribution	660,191	676,591	939,388	968,551	621,234
	After distribution	709,707	687,845	985,528	1,022,945	677,502 (Note 1)
Equity attributable to owners of the parent company		1,807,057	1,701,050	2,223,673	2,076,991	2,527,442
Share capital		1,125,365	1,125,365	1,125,365	1,125,365	1,125,365
Capital surplus		55	55	998	245	1,206
Retained earnings	Before distribution	572,637	518,450	962,875	1,011,787	1,124,602
	After distribution	523,121	507,196	916,735	954,393	1,068,334 (Note 1)
Other equity items		109,000	57,180	134,435	(60,406)	276,269
Treasury Stocks		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	1,807,057	1,701,050	2,223,673	2,076,991	2,527,442
	After distribution	1,757,541	1,689,796	2,177,533	2,019,597	2,471,174 (Note 1)

Note 1: Including the amount as resolved by the Board meeting on March 5, 2024.

Condensed Balance Sheet - Individual

Unit: NT\$ Thousand

Item Year	Financial information for the past five years				
	2019	2020	2021	2022	2023
Current assets	1,099,614	877,389	877,801	874,961	858,648
Property, plant, and equipment	11,958	7,469	16,560	18,295	15,623
Intangible assets	6,823	3,215	6,095	5,587	7,276
Other assets	1,314,600	1,477,713	2,217,486	1,886,929	2,114,333
Total assets	2,432,995	2,365,786	3,117,942	2,785,772	2,995,880
Current liabilities	Before distribution	601,340	634,605	859,980	680,470
	After distribution	650,856	645,859	906,120	737,864
Non-current liabilities	24,598	30,131	34,289	28,311	12,386
Total liabilities	Before distribution	625,938	664,736	894,269	708,781
	After distribution	675,454	675,990	940,409	766,175
Equity attributable to owners of the parent company	1,807,057	1,701,050	2,223,673	2,076,991	2,527,442
Share capital	1,125,365	1,125,365	1,125,365	1,125,365	1,125,365
Capital surplus	55	55	998	245	1,206
Retained earnings	Before distribution	572,637	518,450	962,875	1,011,787
	After distribution	523,121	507,196	916,735	954,393
Other equity items	109,000	57,180	134,435	(60,406)	276,269
Treasury Stocks	0	0	0	0	0
Non-controlling interests	0	0	0	0	0
Total equity	Before distribution	1,807,057	1,701,050	2,223,673	2,076,991
	After distribution	1,757,541	1,689,796	2,177,533	2,019,597

Note 1: Including the amount as resolved by the Board meeting on March 5, 2024.

(II) Condensed statement of comprehensive income for the past five years:

Condensed Statement of Comprehensive Income - Consolidated

Unit: NT\$ Thousand

Item Year	Financial information for the past five years				
	2019	2020	2021	2022	2023
Operating revenue	1,769,660	1,277,546	1,771,373	1,722,767	1,196,672
Gross profit	354,407	234,335	299,617	256,505	184,721
Operating income	1,280	(79,064)	(23,916)	(47,294)	(93,450)
Non-operating income and expenses	53,549	83,976	80,171	138,017	100,439
Net income before tax	54,829	4,912	56,255	90,723	6,989
Profit from continuing operation	49,537	799	51,826	64,384	7,118
Loss from discontinued operation	0	0	0	0	0
Net income (loss)	49,537	799	51,826	64,384	7,118
Other comprehensive income (net of tax)	128,814	(57,290)	506,083	(164,173)	500,895
Total comprehensive income	178,351	(56,491)	557,909	(99,789)	508,013

Item \ Year	Financial information for the past five years				
	2019	2020	2021	2022	2023
Net income attributable to owners of the parent company	49,537	799	51,826	64,384	7,118
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	178,351	(56,491)	557,909	(99,789)	508,013
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	0.44	0.01	0.51	0.81	0.09

Condensed Statement of Comprehensive Income - Individual

Unit: NT\$ Thousand

Item \ Year	Financial information for the past five years				
	2019	2020	2021	2022	2023
Operating revenue	1,746,978	1,270,701	1,763,473	1,718,022	1,194,895
Gross profit	332,148	243,830	306,655	254,509	198,088
Operating income	(554)	(51,469)	3,722	(21,114)	(54,553)
Non-operating income and expenses	53,942	55,308	52,533	111,837	59,676
Net income before tax	53,388	3,839	56,255	90,723	5,123
Profit from continuing operation	49,537	799	51,826	64,384	7,118
Loss from discontinued operation	0	0	0	0	0
Net income (loss)	49,537	799	51,826	64,384	7,118
Other comprehensive income (net of tax)	128,814	(57,290)	506,083	(164,173)	500,895
Total comprehensive income	178,351	(56,491)	557,909	(99,789)	508,013
Net income attributable to owners of the parent company	49,537	799	51,826	64,384	7,118
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	178,351	(56,491)	557,909	(99,789)	508,013
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	0.44	0.01	0.51	0.81	0.09

(1) Names and audit opinions of CPAs for the past five years

Year	CPA	Opinion
2019	Wu Yu-lung, Huang Shih-chun	Unqualified opinion plus other matters paragraph
2020	Yeh Tsui-miao, Huang Shih-chun	Unqualified opinion plus other matters paragraph
2021	Huang Shih-chun; Yeh Tsui-miao	Unqualified opinion plus other matters paragraph
2022	Huang Shih-chun; Yeh Tsui-miao	Unqualified opinion plus other matters paragraph
2023	Yeh Tsui-Miao/Lin Chun-Yao	Unqualified opinion plus other matters paragraph

(2) Financial analysis for the past five years

Unit: NT\$1,000

Analysis Item \ Year		Consolidated				
		2019	2020	2021	2022	2023
Financial Structure	Debt to assets ratio (%)	26.76	28.46	29.70	31.19	19.73
	Long-term capital to property, plant and equipment ratio (%)	7,678.94	6,917.07	6713.84	6513.85	6088.76
Solvency	Current Ratio (%)	200.29	153.08	109.85	125.60	169.60
	Quick Ratio (%)	170.89	122.45	75.81	85.33	136.09
	Times Interest Earned	103.48	3.54	15.57	14.13	2.11
Management Capacity	Receivables Turnover (Times)	3.66	3.43	4.78	4.84	4.32
	Average Collection Days	99.73	106.41	76.36	75.41	84.49
	Inventory Turnover (Times)	8.97	6.05	6.44	4.94	4.22
	Accounts Payable Turnover Ratio	3.39	3.00	4.21	3.88	2.96
	Days Sales of Inventory	40.69	60.33	56.68	73.89	86.49
	Property, Plant, and Equipment Turnover (Times)	63.48	51.85	60.23	51.30	31.33
	Total Assets Turnover (Times)	0.71	0.53	0.64	0.56	0.39
Profitability	Return on assets (%)	2.01	0.10	1.98	2.26	0.39
	Return on equity (%)	2.79	0.05	2.64	2.99	0.31
	Ratio of pre-tax income to paid-in capital %	4.87	0.44	5.00	8.06	0.62
	Profit margin (%)	2.80	0.06	2.93	3.74	0.59
	Earnings per share	0.44	0.01	0.51	0.81	0.09
Cash Flow	Cash Flow Ratio (%)	8.57	4.25	0.00	0.00	0.00
	Cash Flow Adequacy Ratio (%)	83.72	69.93	54.26	43.34	20.76
	Cash Re-investment Ratio (%)	-3.4	-1.23	-0.48	-2.11	-2.15
Degree of Leverage	Degree of Operating Leverage	243.23	-2.82	-12.50	-5.93	-2.24
	Degree of Financial Leverage	1.72	0.98	0.86	0.87	0.94

Reasons for changes in financial ratios in the last two years. (Analysis may be exempted for changes less than 20%)

1. The decrease in debt-to-asset ratio is due to the increase in profit of investees accounted for using the equity method in 2023.
2. The increase in current ratio and quick ratio are due to the decrease in overall sales orders and the decrease in annual purchases and decline of the inventory in 2023.
3. The decrease in times interest earned is due to the decrease in net profit before tax in 2023 from the same period of last year.
4. The decrease in pre-tax profit to paid-in capital ratio, net profit margin, and earnings per share is due to the less-than-expected post-pandemic recovery in China and the decrease in sales of photocopiers, resulting in a decrease in pre-tax profit in 2023 from the same period of last year.
5. The cash flow adequacy ratio has decreased because the net cash inflow from operating activities in 2023 is still negative. Although inventory is effectively managed and accounts receivable are well collected, the cash dividends paid have increased compared to 2022. As a result, the cash flow adequacy ratio has declined.
6. The cash reinvestment ratio has increased because the net cash inflow from operating activities in 2023 is negative and financial assets at fair value have increased compared to 2022. As a result, the cash reinvestment ratio has risen.
7. Decrease in operating leverage: The decrease in 2023 operating revenue resulted in the increase in operating loss in the current period.

Analysis Item \ Year		Individual				
		2019	2020	2021	2022	2023
Financial Structure	Debt to assets ratio (%)	25.73	28.10	28.68	25.44	15.64
	Long-term capital to property, plant and equipment ratio (%)	15,317.40	23,178.22	13,635.04	11,507.53	16,256.98
Solvency	Current Ratio (%)	182.86	138.26	102.07	128.58	188.28
	Quick Ratio (%)	169.39	117.04	75.54	98.49	154.62
	Times Interest Earned	-328.56	-1.29	-14.20	-12.96	2.06
Management	Receivables Turnover (Times)	3.65	3.44	4.77	4.83	4.32

Analysis Item	Year	Individual				
		2019	2020	2021	2022	2023
Capacity	Average Collection Days	100	106.1	76.52	75.57	84.49
	Inventory Turnover (Times)	20.68	11.70	9.50	7.80	6.38
	Accounts Payable Turnover Ratio	4.16	3.78	5.41	6.35	7.44
	Days Sales of Inventory	17.65	31.2	38.42	46.79	57.21
	Property, Plant, and Equipment Turnover (Times)	127.07	130.82	146.78	98.58	70.46
	Total Assets Turnover (Times)	0.70	0.53	0.64	0.58	0.41
Profitability	Return on assets (%)	1.99	-0.02	1.78	2.00	0.38
	Return on equity (%) (Note 2)	2.79	0.05	2.64	2.99	0.31
	Ratio of pre-tax income to paid-in capital %	4.74	0.34	5.00	8.06	0.46
	Profit margin (%)	2.84	0.06	2.94	3.75	0.60
	Earnings per share	0.44	0.01	0.51	0.81	0.09
Cash Flow	Cash Flow Ratio (%)	5.97	1.68	0.00	0.00	0.00
	Cash Flow Adequacy Ratio (%)	82.26	75.37	51.26	35.47	12.68
	Cash Re-investment Ratio (%)	-4.97	-2.45	-1.00	-4.58	-2.19
Degree of Leverage	Degree of Operating Leverage	-437.93	-3.27	59.05	-9.30	-2.82
	Degree of Financial Leverage	1.41	1.03	0.50	1.44	0.92
Reasons for changes in financial ratios in the last two years. (Analysis may be exempted for changes less than 20%)						
- The decrease in debt-to-asset ratio is due to the increase in profit of investees accounted for using the equity method in 2023. - The increase in current ratio and quick ratio are due to the decrease in overall sales orders and the decrease in annual purchases and decline of the inventory in 2023. - The decrease in times interest earned is due to the decrease in net profit before tax in 2023 from the same period of last year. - The decrease in property, plant and equipment turnover rate is due to the increase in financial assets at fair value through other comprehensive income – non-current and investment accounted for using the equity method in 2023 from 2022, thereby affecting the increase in average assets. - The decrease in earnings before tax to paid-in capital ratio, net profit margin, and earnings per share is due to the less-than-expected market growth in China after lifting of the lockdown policy and the decrease in orders in 2023, thereby resulting in the decrease in the earnings before tax in 2023 from the same period of last year. - The decrease in net cash flow adequacy ratio is due to the negative net cash inflow from operating activities and the sale of investments in stocks through financial assets measured at fair value in 2023. - Decrease in operating leverage: The decrease in 2023 operating revenue resulted in the increase in operating loss in the current period.						

1. Financial Structure

(1) Debt ratio = Total liabilities / Total assets.

(2) Long-term funds to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (current assets – inventories – prepaid expenses) / current liabilities.

(3) Times interest earned = Net income before tax and interest / Interest expense for the period.

3. Management Capacity

(1) Receivables (including accounts receivable and notes receivable arising from operations) turnover = Net sales / average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.

(2) Average collection days = 365 / receivables turnover.

- (3) Inventory turnover = Cost of goods sold / average inventory amount.
 - (4) Payables (including accounts payable and notes payable arising from operations) turnover = Cost of goods sold / average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.
 - (5) Days Sales of Inventory = 365 / Inventory turnover.
 - (6) Turnover of property, plant and equipment = Net sales / Average net property, plant and equipment.
 - (7) Total assets turnover = Net sales / Total assets.
4. Profitability
- (1) Return on assets = [Profit and loss after tax + interest expense $\times$ (1 – tax rate)] / Average total assets.
 - (2) Return on equity = Profit and loss after tax / average total equity.
 - (3) Profit margin = Profit and loss after tax / Net sales.
 - (4) Earnings per share = (Profit or loss attributable to owners of the parent company – preferred stock dividends) / weighted-average number of shares outstanding.
5. Cash Flow
- (1) Cash flow ratio = Net cash flow from operating activities / current liabilities.
 - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (capital expenditures + increase in inventories + cash dividends) for the past five years.
 - (3) Cash re-investment ratio = (Net cash flow from operating activities – cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Degree of Leverage:
- (1) Degree of operating leverage = (Net operating revenue – variable operating costs and expenses) / operating profit
 - (2) Degree of financial leverage = Operating profit / (Operating profit – Interest expenses).

(3) Audit Committee's review report on the financial statements of the most recent fiscal year



Audit Committee review report

March 5, 2024

The Board of Directors of Teco Image Systems Co., Ltd. (TIS) has submitted the Company's annual business report, individual financial statement, consolidated financial statement and earnings distribution for 2023, and the individual financial statement and consolidated financial statement have been audited by Yeh, Tsui-Miao and Lin, Chun-Yao of Pricewaterhouse Coopers Certified Public Accountants, and the audit report has been issued. .

The proposal has been reviewed and determined to be correct and accurate by the Audit Committee of TIS. According to the Securities and Exchange Act and the Company Act, we here by submit this report.

Teco Image Systems Co., LTd.

A handwritten signature in blue ink, appearing to read 'Tan Yao Nan', is written over a horizontal line.

TAN YAO NAN
Chairman of the Audit Committee

(4) Consolidated financial statements for the most recent year

Refer to pages 112 to 188 .

(5) Audited individual financial statements of the Company for the most recent year

Refer to pages 189 to 279 .

(6) If the Company and its affiliates have experienced financial difficulties during the current fiscal year up to the prospectus publication date, the impact on the Company's financial position shall be stated

Not applicable to the Company.

Seven. Review of Financial Position, Financial Performance, and Risk Management

(7) Financial Position

Unit: NT\$1,000

Item \ Year	2023	2022	Differential		
			Amount	%	Description
Current assets	911,534	1,049,308	-137,774	-13.13%	-
Financial assets measured at FVTOCI – noncurrent	744,551	706,964	37,587	5.32%	-
Investment accounted for using the equity method	1,316,142	1,056,925	259,217	24.53%	1
Property, plant, and equipment	42,886	33,515	9,371	27.96%	-
Right-of-use assets	88,287	132,754	-44,467	-33.50%	2
Intangible assets	7,383	5,761	1,622	28.15%	-
Other assets	37,893	56,615	-18,722	-33.07%	3
Total assets	3,148,676	3,041,842	106,834	3.51%	-
Current liabilities	537,450	835,424	-297,974	-35.67%	4-
Long-term liabilities	0	0	0	0	-
Other liabilities	83,784	129,427	-45,643	-35.26%	2
Total liabilities	621,234	964,851	-343,617	-35.61%	-
Share capital	1,125,365	1,125,365	0	0	-
Capital surplus	1,206	245	961	392.24%	-
Retained earnings	1,124,602	1,011,787	112,815	11.15%	5
Other equity items	276,269	-60,406	336,675	557.35%	6
Non-controlling interests	0	0	0	0	-
Total equity	2,527,442	2,076,991	450,451	21.69%	5, 6
Description of percentage differentials: Only the percentage differentials between the two periods that reached 20% or more and had an absolute value greater than NT\$10,000 were analyzed.					
1. Increase in investment accounted for using the equity method: Due to the recognition of the gains on financial assets at fair value through other comprehensive income-non-current of the investee, Creative Sensor Inc., accounted for using the equity method based on shareholding proportion in the current period, NT\$241,797 thousand.					
2. The decrease in right-of-use assets and other liabilities is due to the depreciation and amortization of right-of-use assets.					
3. The decrease in other assets is due to the relocation of the Dongguan production location in 2022 Q4 and addition of decoration and investment in equipment.					
4. The decrease in current liabilities is due to the less-than-expected market growth in China after lifting of the lockdown policy, decrease in the orders for multi-function printers in 2023 decreased, and decrease in the annual purchase resulting in the decrease in payables.					
5. The retained earnings has realized the gains about NT\$103,976 thousand due to the sale of “financial assets at fair value through other comprehensive income.”					
6. Increase in “other equity items”: Due to the increase in valuation gains recognized into other comprehensive income due to changes in the fair value.					

II. Financial performance

(8) Comparison and Analysis of Operating Results

Unit: NT\$1,000

Item \ Year	2023	2022	Differential		Description of the Percentage Differentials (Note)
			Amount	%	
Net operating revenue	1,196,672	1,722,767	-526,095	-30.54%	Refer to (II) for details.
Operating costs	-1,011,951	-1,466,262	454,311	30.98%	
Gross profit	184,721	256,505	-71,784	-27.99%	
Operating expenses	-278,171	-303,799	25,628	8.44%	
Net operating income	-93,450	-47,294	-46,156	97.59%	
Non-operating income and expenses	100,439	138,017	-37,578	-27.23%	
Net income before tax	6,989	90,723	-83,734	-92.30%	
Income tax (expenses) gains	129	-26,339	26,468	100.49%	
Net income	7,118	64,384	-57,266	-88.94%	
Net income attributable to owners of the parent company	7,118	64,384	-57,266	-88.94%	
Net income attributable to non-controlling interests	0	0	0	0	

Note: Description of percentage differentials: The percentage differentials that were less than 20% and represented a value of less than NT\$10,000 thousand were not analyzed.

(II) Description of percentage differentials:

1. Decrease in net operating revenue and operating gross profit from the previous period: The main reason is the less-than-expected market growth in China after lifting of the lockdown policy, and decrease in the orders for multi-functional peripherals, resulting in the decrease in overall operating revenue and gross profit from 2022.
2. The change in operating expenses from the previous period: Mainly due to the decrease in the austerity measures during the year.
3. Decrease in non-operating income and expenses from the previous period: Mainly due to the decrease in profit sought by the Company's investees.
4. Increase in "Net income": Due to said causes.

III. Cash flow

(9) Analysis of liquidity for the most recent two years and the reasons for increase and decrease therein:

Item \ Year	2023	2022	Increase (Decrease) Percentage
Cash Flow Ratio	0.00%	0.00%	0.00%
Cash Flow Adequacy Ratio	20.76%	43.34%	-52.10%
Cash Re-investment Ratio	-2.15%	-2.11%	-1.90%
Although the less-than-expected market growth in China after lifting of the lockdown policy resulted in the decrease in orders and the net cash outflow from operating activities, thereby resulting in the decrease in the cash flow adequacy ratio, the proceeds from sale of stocks invested through financial assets measured at fair value in the current period resulted in the increase in net cash inflow from the overall operations in 2023, and the cash flow was normal in substance.			

(II) Improvement plan for inadequate liquidity: Not applicable.

(三)Cash liquidity analysis for the coming year:

Unit: NT\$1,000

Cash balance at the beginning of the year (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash flow from investing and financing activities (3)	Expected cash surplus (deficit) amount (1)+(2)+(3)	Estimated remedial measures for cash deficit	
				Investment plan	Treasury plan
475,754	72,233	(37,989)	509,998	\$-	\$-
1. Analysis of changes in cash flow: (1) Operating activities: Net cash inflow from operating activities is generated due to the estimated operating revenue and the control of expenses. (2) Investing and financing activities: The net cash outflow from investing and financing activities for the year is mainly due to dividends expected from investee companies, disposal of financial assets at fair value through other comprehensive income – non-current income, future acquisition of fixed assets, payment of cash dividends in the future year, and repayment of lease liabilities. Remedial measures for expected cash shortage: Not applicable.					

IV. The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

V. Investment policies and reasons for profit or loss in the most recent year, improvement plans and investment plans for the coming year:

(I) Investment policies

In addition to its core business of manufacturing multi-function peripherals, the Company invests in industries related to its core technology and develops new products in response to the maturing market of its industry and in line with its long-term development plans. The Company also carefully evaluates all of its investment plans.

(10)Main reasons for gains or losses

The unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income was NT\$245,041 thousand, an increase from the valuation loss, NT\$120,460 thousand, in 2022, mainly due to the increase in the share price of the investees in 2023 from 2022, resulting in the unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income.

(11)Investment plans in the coming year

In the future, the Company will adopt the long-term strategic investment as the principle, to continuously and prudentially assess the reinvestment plans based on the future economic movement and new product development strategies, including the investment and partnership with the up- and downstream product related companies and startups, for applying the externally developed design ability to combining with the internal core technology abilities to expand new products, as well as the re-growth opportunities for the Company.

VI. Risks Management and Assessment

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future: - Accounting

1. Effect on the Company's P/L

Unit: NT\$ Thousand

Item	Amount in 2023	As a percentage of operating revenue (%)	As a percentage of net income before tax (%)
Interest income and expenses, net	(1,689)	-0.14	-24.16
Exchange gains and losses, net	(440)	-0.04	-6.29

(12) Interest rate risk:

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions at specified intervals to verify that the maximum loss potential is within the limit given by the management.

(2) Exchange rate risk

A. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions using a currency other than the functional currency of the Company and subsidiaries, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

B. Since the Group's businesses involve some non-functional currency (the Company's and certain subsidiaries' functional currency is NTD while other certain subsidiaries' functional currency is CNY or HKD), it is subject to changes in exchange rates.

(3) Inflation:

Inflation so far has not adversely impacted the Company's operations.

2. Future response measures

(1) Response measures for interest rate changes

Under stable operations, the Group maintains abundant working capital. In 2023, the working capital was NT\$374,084,000 and the debt ratio was 19.73%. The Group will also keep close contact with banks to attain a preferential interest rate on deposits and borrowings, thereby increasing benefits.

(2) Response measures for exchange rate changes

A. The Group's management has formulated policy, which stipulates that all companies within the Group properly manage the exchange risks associated with a currency other than their functional currency. Each company shall hedge their overall exchange risks through the Group's Financial Department.

B. The Financial Department keeps close contact with the foreign exchange department of corresponding financial institutions, so as to stay updated with the information of exchange rate changes and fully understand the international exchange rate trend and changes, thereby dealing with the adverse impact of exchange rate changes in an active manner.

(3) Response measures for inflation

The Company will closely monitor inflation and properly adjust materials inventory accordingly, so as to mitigate the adverse impact of inflation on the Company.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to

other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. The Company did not engage in any investment that was highly risky or highly leveraged in the most recent year.
2. As of the date this annual report was published, the Company did not recognized any endorsements or guarantees, or any loans to other parties.
3. To hedge the risks associated with exchange rate changes on the Company's net foreign currency position, as of the publication date of this annual report, the Company's involvement in currency swap, a kind of derivatives, reached US\$8,000,000. The Company transacts derivatives mainly to hedge risks and the Company's "Procedures for Acquiring or Disposing of Assets" strictly regulated derivatives transactions. As such, the gains or losses generated thereby do not have a material impact on the Company's P/L. Future derivatives trading will still be for the purpose of hedging risks.
4. Hedge accounting for financial products and its goals and methods: The Group did not adopt hedge accounting.

The execution of the above policy, in addition to being cautiously assessed, regularly reported, and controlled, shall be in accordance with the policy and response measures stipulated on the Company's "Procedures for Acquiring and Disposing of Assets", "Procedures for Loaning to Others", and "Procedures for Making Endorsements and Guarantees".

1. Future research and development plans and estimated investments in research and development:

Plans for the most recent year	Current progress	Further research and development investments	Time to achieve mass production	Main factors for success of future development
3D printing technology – Establishment of a new 3DP production line, expanding its application to the production of drones and new products	1. Completion of the new 3DP product line construction plan. Decoration and construction can be completed after the contract is signed. 2. The weight-saving design has been implemented into the product design for many customers. 3. Development of ground station software for the drone was completed, which facilitated the successful application by governmental organizations.	NTD 12,000K	2024.Q3	1. Production costs were reduced by 55% and printing performance was improved by 34%. 2. With the 3DP lightweight design, the hovering time and load of UAVs are increased, and customers' production pain points for various and small amount of products are solved. 3. Master the software technology and auto-navigation technology of UAV ground station.

Plans for the most recent year	Current progress	Further research and development investments	Time to achieve mass production	Main factors for success of future development
The second generation colorful label printer and 2D Bar Code application	1. Establishment of prototype machines and performance of relevant reliability and function tests. 2. Performance of the ink curing reliability test to establish the ink manufacturer and UV Lamp manufacturer. 3. Completion of the ID design and internal structure design.	NTD 13,000K	2025.Q3	1. 3D printing technology needs to be implemented to reduce tooling costs. 2. Development of the new ink-jet quick-drying technology. 3. The reliability shall meet the product specifications. 4. 3D printing technology needs to be implemented to reduce tooling costs.
Wide-format printers and cutters	1. Completion of the accuracy analysis on competitors' machines and future architectures. 2. Discussion with customers about the detailed target schedule and specifications.	NTD 8,000K	2025.Q4	1. 3D printing technology needs to be implemented to reduce tooling costs. 2. Establishment of key testing methods to ensure that printing accuracy meets customer requirements. 3. Ink jet technology and reliability verification.
Multi-function peripheral (MFP) (A)	1. Entry to the final product testing stage.	NTD 3,000K	2024.Q3	1. Passage of product functional quality verification. 2. Completion of relevant certifications and <u>implementation of production.</u>
Multi-function peripheral (MFP) (B)	1. Completion of the relevant design and vendor selection. 2. Preparation for Engineer Sample and relevant testing and verification.	NTD 5,000K	2025.Q1	1. Upgrading of the printing speed to 24ppm and 26ppm respectively. 2. Print quality meets product specifications.

2. V)Effect on the Comp'ny's financial affairs and business operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:
3. So far, there is no important policy or change in law that will materially impact the Company's financial affairs or business operationV)Impact on the Company's business and finance due to technological changes (including cyber security risk) or industrial changes, and measures to be taken in response:

The Company always closely monitors technological changes and industrial developments. It regularly collects and analyzes market information, and submit the same to a dedicated technology development unit to serve as an important reference for future development, so as to minimize the impact brought by technological changes. Furthermore, the Company leverages the technological changes to develop value-added products. Nowadays smart phones and tablet PCs are the critical devices for mobile workforce. The Company has embarked on this trend and development related products and Apps, e.g. wireless printing through mobile phones or tablet PCs. The Company will synchronize our supplies with market demands and be alert to industrial technological changes, so as to swiftly respond to and satisfy customers' demands.

According to the 2021 World Economic Forum Risk Repor“, "Cybersecurity fail"re" is listed as a key technology risk. Inadequate defenses against cyber attacks due to network security failures might only expose the Company to the risk of data leakage and extortion, but may also make the

Company face disruption of production systems and cause serious operational losses, thereby affecting the enterprise's goodwill. Many global and well-known enterprises suffered heavy losses due to ransomware incidents.

4. The Company has upgraded the load balancer and firewall hardware devices to address network security issues, and has also worked with Microsoft to add endpoint protection (EDR) and AD protection (Active Directory) to strengthen the network security. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: None. Expected benefits and possible risks associated with any merger and acquisitions in the most recent year, and mitigation measures being or to be taken: The Company did not conduct any mergers or acquisitions in the most recent year. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

Guanyin Plant in Taiwan started operation in 2022 and has become the second production location, following Dongyu, outside China. It is expected to contribute 10% of TiS's overall turnover, effectively diversify the tariff barrier risk arising from the US-China trade war, help respond to customers' needs and disperse the production risks.

- (IX) Risks associated with any concentration of sale or purchase, and mitigation measures being or to be taken:

By constantly refining own R&D technologies and capabilities and upholding a high quality standard, the Company has launched a series of products, from the original monochrome systems to the high-end color systems nowadays, that tailored to clients' needs. We are deeply recognized by clients, with whom we have worked along for over 20 years. Furthermore, our major clients constantly lead the market. So satisfied are the world-renowned industry leaders with our development and design capability that they, located in China, the United States, or Japan, opt for the Company as their supplier. As such, our risk associated with concentration of sale has been effectively reduced.

- (X) Effect upon and risk to the Company by a massive transfer or change of shareholdings by a director, supervisor, or shareholder holding greater than a 10 percent stake in the most recent year: None.

- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.

- (XII) Litigious and non-litigious matters: If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company, a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending, the prospectus shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and status up to the prospectus publication date: None.

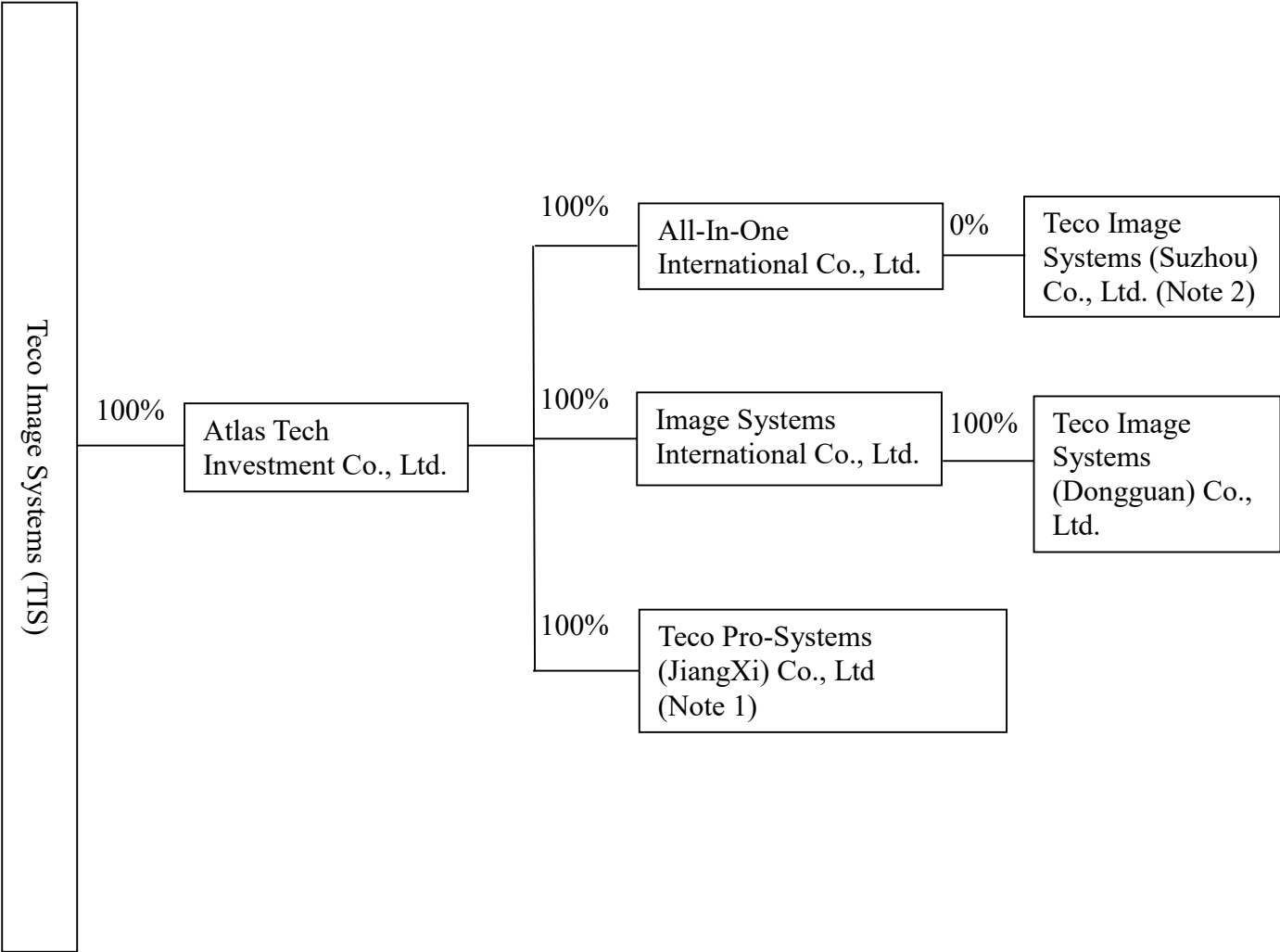
5. (XIII) Other significant risks: None. Other important matters: None.

Eight. Special Disclosures

I. Information related to the comp’ny's affiliates:

(I) Consolidated Business Reports of Affiliated Enterprises:

1. Organizational Chart of Affiliates:



- Note 1: The subsidiary wholly owned by the Company via Atlas Tech Investment Co., Ltd., Teco Pro-Systems (JiangXi) Co., Ltd. has been cancelled on February 22, 2024. By the date of publication of the annual report, the reporting to the Department of Investment Review, MOEA was still pending.
- Note 2: The subsidiary, Teco Image Systems (Suzhou) Co., Ltd., wholly owned by All-In-One International Co., Ltd., a subsidiary wholly owned by the Company via Atlas Tech Investment Co., Ltd. has been cancelled on September 8, 2023. On March 6, 2024, the Company received the approval of cancellation of the investment limit in Mainland China from the Department of Investment Review, MOEA.

2. Basic information on affiliates

Unit: NT\$ thousand

Name of Affiliate	Date of Incorporation	Paid-in Capital	Address	Line of Business
Atlas Tech Investment Co., Ltd.	April 26, 2002	196,096	P.O.Box 3444, Road Town, Tortola, British Virgin Islands	Professional investment company
Teco Pro-Systems (JiangXi) Co., Ltd. Co., Ltd.	September 14, 2009	32,710	No. 36, Torch 5th Road, Gaoxin Development Zone, Nanchang City, Jiangxi Province, China	R&D, production, and sale of MFP systems and subsystems
All-In-One International Co., Ltd.	April 26, 2002	83,648	Lotemau Centre, P.O.Box 1225, Apia, Samoa	Professional investment company
Teco Image Systems (Suzhou) Co., Ltd.	February 20, 2003	81,528	No. 1288, Yunhe North Road, Wujiang Economic and Technological Development Zone, China	R&D, technological testing, production, and sale of MFP systems and subsystems
Image Systems International Limited	January 19, 2004	148,304	Lotemau Centre, P.O.Box 1225, Apia, Samoa	Professional investment company
Teco Image Systems (Dongguan) Co., Ltd.	January 10, 2013	88,647	No. 288, Luxi 1st Road, Liaobu Town, Dongguan City, Guangdong Province	R&D, production, and sale of MFP systems and subsystems

3. Information on the shareholders of affiliates deemed to have a controlling or subordinate relation with the Company: Not applicable.

4. Industries covered by all affiliates' line of business:

- (1) Professional investment company
- (2) R&D, production, and sale of MFP systems and subsystems

5. Information on the directors, supervisors, and presidents of affiliates:

Name of Affiliate	Job Title	Name or Representative	Number of Shares Held	Shareholding Ratio
Atlas Tech Investment Co., Ltd.	Director	Teco Image Systems CO., LTD.	6,248,313	100%
		Tsai,Hsiang-Hui		
Teco Pro-Systems (JiangXi) Co., Ltd. Co., Ltd. (Note 1)	Liquidator	Huang Yu-jen; Tsai Hsiang-hui; Lien Chao-chih	Capital contribution certificate	100%
All-In-One International Co., Ltd.	Director	Atlas Tech Investment Co., Ltd.	2,410,000	100%
		Wei,Yao-Ming		
Teco Image Systems (Suzhou) (Note 2)	Liquidator	Hsiao Tsung-i; Lin Chun-lien; Liao Shun-jung	Capital contribution certificate	100%
Image Systems International Limited	Director	Atlas Tech Investment Co., Ltd.	4,812,423	100%
		Wei,Yao-Ming		
Teco Image Systems (Dongguan) Co., Ltd.	Chairperson of the Board of Directors	Image Systems International Co., Ltd.	Capital contribution certificate	100%
		Wei Yao-ming		
	Director	Image Systems International Co., Ltd.		
		Li Li-chiu		

	Director	Image Systems International Co., Ltd.		
		Tsai Hsiang-hui		
	Supervisor	Image Systems International Co., Ltd.		
		Lai Chien-i		
	President	Wei Yao-ming	0	0

Note 1: The subsidiary wholly owned by the Company via Atlas Tech Investment Co., Ltd., Teco Pro-Systems (JiangXi) Co., Ltd. Co., Ltd., has been cancelled on February 22, 2024. By the date of publication of the annual report, the reporting to the Department of Investment Review, MOEA was still pending.

Note 2: The subsidiary, Teco Image Systems (Suzhou) Co., Ltd., wholly owned by All-In-One International Co., Ltd., a subsidiary wholly owned by the Company via Atlas Tech Investment Co., Ltd. has been cancelled on September 8, 2023. On March 6, 2024, the Company received the approval of cancellation of the investment limit in Mainland China from the Department of Investment Review, MOEA.

6. Operational highlights of affiliates:

Unit:NT\$1,000 December 31, 2023

Name of Affiliate	Capital	Total assets	Total liabilities	Net Worth	Operating Revenue	Operating Gains (Losses)	Profit or Loss After Tax	Earnings Per Share After Tax
Atlas Tech Investment Co., Ltd.	196,096	18,132	0	18,132	0	0	(42,323)	(6.77)
Teco Pro-Systems (JiangXi) Co., Ltd. Co., Ltd.	32,710	18,093	424	17,669	0	0	(96)	(Note 2)
All-In-One International Co., Ltd.	83,648	190	0	190	0	0	131	0
Teco Image Systems (Suzhou)	81,528	0	0	0	0	0	0	(Note 2, Note 3)
Image Systems International Limited	148,304	211	0	211	0	0	(42,358)	(8.80)
Teco Image Systems (Dongguan) Co., Ltd.	88,647	416,627	416,427	200	850,778	(40,009)	(42,358)	(Note 2)

Note 1: Where an affiliate is a foreign company, the numbers shall be translated into and presented in New Taiwan Dollars by applying the exchange rate prevailing on the reporting date.

Note 2: Not applicable to a limited company.

Note 3: The subsidiary, Teco Image Systems (Suzhou) Co., Ltd., wholly owned by All-In-One International Co., Ltd., a subsidiary wholly owned by the Company via Atlas Tech Investment Co., Ltd. has been cancelled on September 8, 2023. On March 6, 2024, the Company received the approval of cancellation of the investment limit in Mainland China from the Department of Investment Review, MOEA.

(II) Financial Statements of Affiliated Enterprises

The companies required to be included in the consolidated financial statements of affiliated enterprises are the same as those required to be included in the parent-subsidary consolidated financial statements; in addition, the information required to be disclosed in the consolidated statements of affiliated enterprises has already been disclosed in the said parent-subsidary consolidated financial statements. Hence, the Company does not prepare a separate set of consolidated financial statements of affiliated enterprises.

(III) Affiliation Reports of Affiliated Enterprises: None.

II. Where the company has carried out a private placement of marketable securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Private placement of marketable securities: None.

(II) Where the company has carried out a private placement of marketable securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. Holding or disposal of shares of the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Situations that might materially affect shareholders' equity or the price of the company's securities: None.

V. Other matters that require additional description: None.

**TECO IMAGE SYSTEMS CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

PWCR23000284

To the Board of Directors and Shareholders of Teco Image Systems Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Teco Image Systems Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to other matter section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and 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 Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 the Group's 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, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Valuation of inventories

Description

For accounting policies adopted for the valuation of inventories, please refer to Note 4(12). For the significant judgements applied in the accounting policies adopted for the valuation of inventories, please refer to Note 5(2). For details of inventories, please refer to Note 6(5).

Before producing new types of multiple-function printers, the Group will prepare sufficient materials based on the sales forecast. If the actual sales are lower than the expected results, the materials in storage will be excessive and be consumed slowly. The Group estimates net present value of inventories on the balance sheet date, and then writes down inventory cost to net present value. As the valuation of inventories involve judgements, and the valuation amounts are material, we identified the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in relation to the key audit matter:

1. Obtained the policies for inventory valuation and determined whether the policies applied in provision of allowance for inventory valuation losses in the different periods are in agreement.
2. Performed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained aging statements for each kind of inventory and tested the changes in ages of inventory. For selected samples with inventory number, we verified to changes record and expiration dates, checked the accuracy of categories inventory ages and computed the effects on inventories.
4. Obtained net realizable value statement of each kind of inventory and checked whether the applied calculation logic was in agreement for all inventory. Tested relevant parameters and relevant estimate documents. Checked and compared allowance for valuation losses that the Group should provision at the lower of cost and net realizable value.

Existence of significant customer sales revenue

Description

For accounting policies adopted for the recognition of revenue, please refer to Note 4(28). For details of revenue, please refer to Note 6(15).

The Group mainly traded with established and reputable customers over the years. Since the changes in significant customer may materially affect the consolidated financial statements of the Group and sales revenue is high-risk in nature, we identified the existence of sales revenue from

significant customer as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in relation to the key audit matter:

1. Understood the internal controls over sales.
2. Verified the appraisal report of significant customer by checking the relevant information.
3. Tested whether the credit terms of significant customer have been approved appropriately.
4. Obtained and verified the details of sales and relevant supporting documents.
5. Performed sampling confirmation procedures to significant customer to ascertain the existence and accuracy of the receivables.
6. Obtained and verified the subsequent collections details of accounts receivable and relevant supporting documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$261,022 thousand and NT\$243,602 thousand, constituting 8.29% and 8.01% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income (loss) recognized from associates accounted for under the equity method amounted to NT\$20,776 thousand and NT\$11,911 thousand, constituting 4.09% and (11.94%) of the consolidated total comprehensive income (loss) for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of Teco Image Systems Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

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 Regulations Governing the Preparation of Financial

Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance including the audit committee are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 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 Group's internal control.

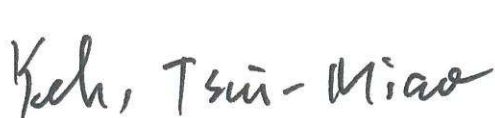
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 Group 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 the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.



Yeh, Tsui-Miao



Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report 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.

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 475,754	15	\$ 400,192	13
1110	Financial assets at fair value through profit or loss - current	6(2)	7,145	-	616	-
1170	Accounts receivable, net	6(4)	244,442	8	309,424	10
1180	Accounts receivable - related parties	6(4) and 7(2)	-	-	12	-
1200	Other receivables	7(2)	3,755	-	2,622	-
1220	Current income tax assets	6(21)	338	-	-	-
130X	Inventories, net	6(5)	132,515	4	289,351	9
1410	Prepayments		47,585	2	47,091	2
11XX	Current Assets		911,534	29	1,049,308	34
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non - current	6(3)	744,551	24	706,964	23
1550	Investments accounted for under the equity method	6(6)	1,316,142	42	1,056,925	35
1600	Property, plant and equipment, net	6(7)	42,886	1	33,515	1
1755	Right-of-use assets	6(8)	88,287	3	132,754	5
1780	Intangible assets		7,383	-	5,761	-
1840	Deferred income tax assets	3(1) and 6(21)	33,327	1	35,817	1
1920	Guarantee deposits paid		4,291	-	7,067	-
1990	Other non-current assets, others		275	-	13,731	1
15XX	Non-current assets		2,237,142	71	1,992,534	66
1XXX	Total assets		\$ 3,148,676	100	\$ 3,041,842	100

(Continued)

Liabilities and Equity			Notes	December 31, 2023		December 31, 2022			
				AMOUNT	%	AMOUNT	%		
Current liabilities									
2100	Short-term borrowings	6(9)	\$	198,000	6	\$	297,000	10	
2130	Contract liabilities - current	6(15)		21,693	1		22,600	1	
2170	Accounts payable			165,393	5		306,503	10	
2180	Accounts payable - related parties	7(2)		3,269	-		5,684	-	
2200	Other payables	6(10) and 7(2)		96,343	3		125,194	4	
2230	Current income tax liabilities	6(21)		-	-		19,357	1	
2250	Provisions for liabilities - current	6(12)		22,146	1		23,041	1	
2280	Current lease liabilities	7(2)		29,906	1		35,526	1	
2300	Other current liabilities			700	-		519	-	
21XX	Current Liabilities			537,450	17		835,424	28	
Non-current liabilities									
2570	Deferred income tax liabilities	3(1) and 6(21)		17,379	1		23,300	1	
2580	Non-current lease liabilities	7(2)		61,103	2		99,387	3	
2600	Other non-current liabilities	6(11)		5,302	-		6,740	-	
25XX	Non-current liabilities			83,784	3		129,427	4	
2XXX	Total Liabilities			621,234	20		964,851	32	
Equity attributable to owners of parent									
	Share capital	6(13)							
3110	Share capital - common stock			1,125,365	36		1,125,365	37	
	Capital surplus								
3200	Capital surplus			1,206	-		245	-	
	Retained earnings	6(14)							
3310	Legal reserve			432,334	13		422,829	14	
3320	Special reserve			60,406	2		-	-	
3350	Unappropriated retained earnings			631,862	20		588,958	19	
	Other equity interest								
3400	Other equity interest			276,269	9	(	60,406)	(	2)
31XX	Equity attributable to owners of the parent			2,527,442	80		2,076,991	68	
3XXX	Total equity			2,527,442	80		2,076,991	68	
	Significant contingent liabilities and unrecognized contract commitments	9							
	Significant events after the balance sheet date	11							
3X2X	Total liabilities and equity		\$	3,148,676	100	\$	3,041,842	100	

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenues	6(15) and 7(2)	\$ 1,196,672	100	\$ 1,722,767	100
5000	Operating costs	6(5)(19) and 7(2)	(1,011,951)	(85)	(1,466,262)	(85)
5900	Net operating margin		<u>184,721</u>	<u>15</u>	<u>256,505</u>	<u>15</u>
	Operating expenses	6(19)				
6100	Selling expenses		(33,386)	(3)	(36,638)	(2)
6200	General and administrative expenses		(148,578)	(12)	(162,655)	(10)
6300	Research and development expenses		(96,238)	(8)	(104,547)	(6)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	<u>31</u>	<u>-</u>	<u>41</u>	<u>-</u>
6000	Total operating expenses		<u>(278,171)</u>	<u>(23)</u>	<u>(303,799)</u>	<u>(18)</u>
6900	Operating loss		<u>(93,450)</u>	<u>(8)</u>	<u>(47,294)</u>	<u>(3)</u>
	Non-operating income and expenses					
7100	Interest income		4,592	-	1,236	-
7010	Other income	6(16) and 7	54,014	5	51,642	3
7020	Other gains and losses	6(17)	(14,094)	(1)	(368)	-
7050	Finance costs	6(18) and 7(2)	(6,281)	(1)	(6,907)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(6)	<u>62,208</u>	<u>5</u>	<u>92,414</u>	<u>5</u>
7000	Total non-operating income and expenses		<u>100,439</u>	<u>8</u>	<u>138,017</u>	<u>8</u>
7900	Profit before income tax		6,989	-	90,723	5
7950	Income tax benefit (expense)	6(21)	<u>129</u>	<u>-</u>	<u>(26,339)</u>	<u>(1)</u>
8200	Profit for the year		<u>\$ 7,118</u>	<u>-</u>	<u>\$ 64,384</u>	<u>4</u>
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	(\$ 668)	-	\$ 5,228	-
8316	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(3)	245,041	20	(120,460)	(7)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	262,227	22	(53,796)	(3)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	<u>134</u>	<u>-</u>	<u>(1,047)</u>	<u>-</u>
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		<u>506,734</u>	<u>42</u>	<u>(170,075)</u>	<u>(10)</u>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		(473)	-	1,568	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive (loss) income that will be reclassified to profit or loss	6(6)	<u>(5,366)</u>	<u>-</u>	<u>4,334</u>	<u>-</u>
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(5,839)</u>	<u>-</u>	<u>5,902</u>	<u>-</u>
8300	Total other comprehensive income (loss) for the year		<u>\$ 500,895</u>	<u>42</u>	<u>(\$ 164,173)</u>	<u>(10)</u>
8500	Total comprehensive income (loss) for the year		<u>\$ 508,013</u>	<u>42</u>	<u>(\$ 99,789)</u>	<u>(6)</u>
	Profit attributable to:					
8610	Owners of the parent		<u>\$ 7,118</u>	<u>-</u>	<u>\$ 64,384</u>	<u>4</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		<u>\$ 508,013</u>	<u>42</u>	<u>(\$ 99,789)</u>	<u>(6)</u>
9750	Basic earnings per share	6(22)	<u>\$ 0.09</u>		<u>\$ 0.81</u>	
9850	Diluted earnings per share	6(22)	<u>\$ 0.09</u>		<u>\$ 0.81</u>	

Year ended December 31, 2022

Balance at January 1, 2022		\$ 1,125,365	\$ 998	\$ 377,261	\$ -	\$ 585,614	(\$ 4,309)	\$ 138,744	\$ 2,223,673
Profit for the year		-	-	-	-	64,384	-	-	64,384
Other comprehensive income (loss) for the year		-	-	-	-	4,531	5,902	(174,606)	(164,173)
Total comprehensive income (loss)		-	-	-	-	68,915	5,902	(174,606)	(99,789)
Appropriation and distribution of 2021 retained earnings	6(14)								
Legal reserve appropriated		-	-	45,568	-	(45,568)	-	-	-
Cash dividends from retained earnings		-	-	-	-	(46,140)	-	-	(46,140)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	285	-	-	4,079	-	(4,079)	285
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	22,058	-	(22,058)	-
To recognise that associate did not participate in the capital increase raised in proportion to its share interest	6(6)	-	(1,038)	-	-	-	-	-	(1,038)
Balance at December 31, 2022		<u>\$ 1,125,365</u>	<u>\$ 245</u>	<u>\$ 422,829</u>	<u>\$ -</u>	<u>\$ 588,958</u>	<u>\$ 1,593</u>	<u>(\$ 61,999)</u>	<u>\$ 2,076,991</u>

Year ended December 31, 2023

Balance at January 1, 2023		\$ 1,125,365	\$ 245	\$ 422,829	\$ -	\$ 588,958	\$ 1,593	(\$ 61,999)	\$ 2,076,991
Profit for the year		-	-	-	-	7,118	-	-	7,118
Other comprehensive income (loss) for the year		-	-	-	-	178	(5,839)	506,556	500,895
Total comprehensive income		-	-	-	-	7,296	(5,839)	506,556	508,013
Appropriation and distribution of 2022 retained earnings	6(14)								
Legal reserve appropriated		-	-	9,505	-	(9,505)	-	-	-
Special reserve appropriated		-	-	-	60,406	(60,406)	-	-	-
Cash dividends from retained earnings		-	-	-	-	(57,394)	-	-	(57,394)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	(1,083)	-	-	58,937	-	(60,066)	(2,212)
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	103,976	-	(103,976)	-
To recognise that associate did not participate in the capital increase raised in proportion to its share interest	6(6)	-	2,044	-	-	-	-	-	2,044
Balance at December 31, 2023		<u>\$ 1,125,365</u>	<u>\$ 1,206</u>	<u>\$ 432,334</u>	<u>\$ 60,406</u>	<u>\$ 631,862</u>	<u>(\$ 4,246)</u>	<u>\$ 280,515</u>	<u>\$ 2,527,442</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	6,989	\$	90,723
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation	6(19)		48,933		43,754
Amortization	6(19)		3,171		2,780
Net income on financial assets and liabilities at fair value through profit or loss	6(17)		11,966		31,589
Expected credit loss (profit)	12(2)	(	31)	(	41)
Share of (profit) loss of associates and joint ventures accounted for under the equity method	6(6)	(	62,208)	(	92,414)
Accrued product warranty provision	6(12)		-		2
Interest expense	6(18)		6,281		6,907
Interest income		(	4,592)	(	1,236)
Dividend income	6(16)	(	40,148)	(	45,865)
Gain from lease modification	6(8)	(	160)	(	50)
Prepayments for business facilities reclassified to expenses			285		-
Changes in operating assets and liabilities					
Changes in operating assets					
Financial assets and liabilities at fair value through profit or loss		(	18,495)	(	31,475)
Notes receivable			-		5,193
Accounts receivable			65,013		87,856
Accounts receivable-related parties			12	(	12)
Other receivables		(	1,119)		8,693
Inventories			156,836	(	39,319)
Prepayments		(	494)		10,716
Changes in operating liabilities					
Contract liabilities-current		(	907)	(	4,167)
Accounts payable		(	141,110)	(	70,037)
Accounts payable - related parties		(	2,415)	(	3,087)
Other payables		(	28,125)	(	16,106)
Provisions-current		(	895)	(	127)
Other current liabilities			181	(	1,703)
Other non-current liabilities		(	2,106)	(	1,860)
Cash outflow generated from operations		(	3,138)	(	19,286)
Interest received			4,592		1,236
Interest paid		(	6,281)	(	6,907)
Income tax paid		(	22,863)	(	13,267)
Net cash flows used in operating activities		(	27,690)	(	38,224)

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Dividends received	6(16)	\$	40,148	\$	45,865
Dividend income from investments accounted for under the equity method	6(6) and 7(2)		59,684		37,246
Acquisition of property, plant and equipment	6(23)	(	9,761)	(	8,776)
Acquisition of intangible assets		(	4,793)	(	2,197)
Proceeds from disposal of financial assets at fair value through other comprehensive income - non current	6(3)		207,440		186,212
Decrease (increase) in refundable deposits			2,776	(	4,225)
Increase in prepayments for business facilities		(	180)	(	13,773)
Net cash flows from investing activities			<u>295,314</u>		<u>240,352</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Cash dividends paid	6(24)	(	57,394)	(	46,140)
Increase in short-term borrowings	6(24)		548,000		1,597,000
Repayment of short-term borrowings	6(24)	(	647,000)	(	1,597,000)
Repayment of the principal portion of lease liabilities	6(24)	(	35,666)	(	28,281)
Net cash flows used in financing activities		(	<u>192,060)</u>	(	<u>74,421)</u>
Effect of exchange rate changes on cash and cash equivalents		(	<u>2)</u>		<u>1,344</u>
Net increase in cash and cash equivalents			75,562		129,051
Cash and cash equivalents at beginning of year			<u>400,192</u>		<u>271,141</u>
Cash and cash equivalents at end of year		\$	<u>475,754</u>	\$	<u>400,192</u>

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (1) Teco Image Systems Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) on September 8, 1997 and has begun its operations in the same year. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in designing, manufacturing and trading of multi-function printers and modules, label printers, wide format printers, 3D printing, etc.
- (2) The Company’s shares have been listed on the Taipei Exchange since June 2000.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were reported to the Board of Directors on March 5, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment:

Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’

The amendments require an entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Upon adoption, the Group expects to recognise a deferred tax asset and liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities retrospectively as of January 1, 2022. These amendments resulted to an increase in deferred tax assets by \$17,379, \$23,300 and \$2,487 and deferred tax liabilities by \$17,379, \$23,300, and \$2,487 as of December 31, 2023, December 31, 2022 and January 1, 2022, respectively.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with contractual terms'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements
- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership(%)		Description
			December 31, 2023	December 31, 2022	
The Company	Atlas Tech Investment Co., Ltd. (Atlas)	Professional investment company	100	100	-
Atlas	All-In-One International Co., Ltd. (AIO)	Professional investment company	100	100	-
Atlas	Image Systems International Limited (ISI)	Professional investment company	100	100	-
Atlas	Teco Pro-Systems (JiangXi) Co., Ltd.	Research, manufacturing and sales of multi-function printers and related products	100	100	Note 1
AIO	TECO Image Systems (Suzhou) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	0	100	Note 2
ISI	Teco Image Systems (DongGuan) Co., Ltd.	Research, manufacturing and sales of multi-function printers and related products	100	100	-

The financial statements of the abovementioned subsidiaries- Teco Image Systems (DongGuan) Co., Ltd., ISI and Atlas and other subsidiaries included in the consolidated financial statements for the years ended December 31, 2023 and 2022 have been audited by the Company's independent auditors.

Note 1: On February 22, 2024, TECO Pro-Systems (JiangXi) Co., Ltd., a subsidiary of Atlas Tech Investment Co., Ltd., was deregistered.

Note 2: On September 8, 2023, TECO Image System (Suzhou) Co., Ltd., a subsidiary of All-In-One International Co., Ltd., was deregistered.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is New Taiwan dollars (NTD), the subsidiaries' functional currency is New Taiwan dollars (NTD) and Chinese Yuan (CNY). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income under “other gains and losses”.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the exchange rate prevailing at the dates of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;

- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in

exchange for transferred goods or rendered services.

- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Investments accounted for under the equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the

transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. The Group applied the treasury stock approach to calculate investments accounted for using equity method when the Group and its associates have reciprocal stock holdings and both the Group and associate accounts for the investment using the equity method.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:
 - A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
 - B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will

flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

- C. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3~10 years
Mold equipment	3~5 years
Testing equipment	3~5 years
Transportation equipment	6 years
Office equipment	3~5 years
Leasehold improvements	3~5 years
Others	3~5 years

(15) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.
The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost, which consists of the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the

commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

A. Trademarks

Separately acquired trademarks are stated at historical cost. Trademarks have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 5 to 6 years.

B. Computer software and royalty

Acquired computer software and royalty are stated at historical cost and are amortised on a straight-line basis over their estimated useful lives of 1 to 5 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(23) Provisions

Provisions (including contingent liabilities arising from warranties) for warranty are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and liability simultaneously. Deferred tax assets is offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Cash dividends appropriated from earnings of year 2021 are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends appropriated from earnings of year 2022 are recorded as liabilities in the Company's financial statements in the period in which they are authorized to do so with the attendance of more than two-thirds of the directors and with the consent of a majority of the directors present by the Company's Board of Directors in accordance with Article of Incorporation of the Company. In addition, stock dividends are recorded as stock dividends to be distributed after the resolution of the shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

- A. The Group engages in the manufacture and sale of multi-function printers and modules, label printers, wide format printers, 3D printing and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. The sales usually are made with a credit term of 60 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the

consideration is unconditional because only the passage of time is required before the payment is due.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

After assessment, the Group's accounting policies have no significant uncertainty.

(2) Critical accounting estimates and assumptions

Evaluation of inventories:

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid innovation of multi-function printers and scanners, the Group may incur losses on decline in market value of these inventories caused by the unexpected decrease in sales revenue and the unusability of the materials for the new products. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories is shown in Note 6(5).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 831	\$ 479
Demand deposits	474,923	399,713
	<u>\$ 475,754</u>	<u>\$ 400,192</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

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

	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	<u>\$ 7,145</u>	<u>\$ 616</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss for the years ended December 31, 2023 and 2022 shown in Note 6(17).

B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2023		
	Contract amount (in thousands)		
<u>Derivative financial assets/liabilities</u>	<u>(notional principal)</u>		<u>Contract period</u>
Current items:			
Foreign exchange swap	USD 2,000		2023.11.10~2024.01.10
Foreign exchange swap	USD 1,000		2023.11.15~2024.01.15
Foreign exchange swap	USD 2,000		2023.11.17~2024.01.17
Foreign exchange swap	USD 1,000		2023.11.28~2024.01.26
Foreign exchange swap	USD 1,000		2023.12.08~2024.02.16
Foreign exchange swap	USD 1,000		2023.12.28~2024.02.27

Derivative financial assets/liabilities	December 31, 2022		
	Contract amount (in thousands) (notional principal)		Contract period
Current items:			
Foreign exchange swap	USD	1,000	2022.11.18~2023.01.18
Foreign exchange swap	USD	2,000	2022.11.25~2023.01.19
Foreign exchange swap	USD	2,000	2022.11.16~2023.01.13
Foreign exchange swap	USD	1,000	2022.12.21~2023.02.17
Foreign exchange swap	USD	2,000	2022.12.23~2023.02.21
Foreign exchange swap	USD	1,000	2022.12.14~2023.02.13

C. The Group has no financial assets at fair value through profit or loss pledged or collateralised.

D. The Group entered into foreign exchange swap to hedge exchange rate risk. However, these foreign exchange swap contracts are not accounted for under hedge accounting.

E. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(3).

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

Items	December 31, 2023		December 31, 2022	
Non-current items:				
Equity instruments				
Listed stocks	\$	466,445	\$	569,923
Unlisted stocks		146,217		146,217
		612,662		716,140
Valuation adjustment		131,889	(	9,176)
	\$	744,551	\$	706,964

A. The Group has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income.

B. Aiming to satisfy the financial management, the Group sold \$207,454 and \$186,298 of equity instrument investments at fair value during the years ended December 31, 2023 and 2022, respectively. Other receivables arising from the abovementioned transactions amounted to \$14 and \$86 for the years ended December 31, 2023 and 2022, respectively.

C. The Group amounts recognised in comprehensive income and transferred to retained earnings in relation to the financial assets at fair value through other comprehensive income are listed below:

	2023	2022
<u>Equity instruments at fair value through other comprehensive income (losses)</u>		
Fair value change recognised in other comprehensive income (losses)	\$ 245,041	(\$ 120,460)
Cumulative gains reclassified to retained earnings due to derecognition	\$ 103,976	\$ 22,058

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 244,569	\$ 309,582
Accounts receivable-related parties	-	12
	244,569	309,594
Less: Loss allowance	(127)	(158)
	\$ 244,442	\$ 309,436

A. For information on the ageing analysis, related credit risk of notes receivable and accounts receivable, please refer to Note 12(2).

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$402,631.

C. The Group did not hold any collateral for abovementioned notes and accounts receivable.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 148,649	(\$ 25,983)	\$ 122,666
Work in progress	1,670	(79)	1,591
Finished goods	8,149	(1,230)	6,919
Merchandise	2,241	(2,241)	-
Inventory in transit	1,339	-	1,339
	\$ 162,048	(\$ 29,533)	\$ 132,515

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 275,889	(\$ 24,063)	\$ 251,826
Work in progress	4,451	(116)	4,335
Finished goods	33,808	(1,250)	32,558
Merchandise	2,241	(2,241)	-
Inventory in transit	632	-	632
	<u>\$ 317,021</u>	<u>(\$ 27,670)</u>	<u>\$ 289,351</u>

A. Abovementioned inventories were not pledged or collateralised.

B. The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 1,009,969	\$ 1,463,078
Loss on decline in market value	1,983	982
Loss on scrapping and physical inventory	-	2,205
Gain on physical inventory	(1)	(2)
Revenue from sale of scraps	-	(1)
	<u>\$ 1,011,951</u>	<u>\$ 1,466,262</u>

(6) Investments accounted for under the equity method

	December 31, 2023		December 31, 2022	
	Amount	Ownership	Amount	Ownership
Associates				
SOLMAX POWER				
TAIWAN LIMITED	\$ 69,808	35.00%	\$ 67,313	35.00%
CREATIVE SENSOR				
INC.	1,055,120	20.22%	813,323	20.46%
Tien Da Investment				
Co., Ltd.	<u>191,214</u>	25.17%	<u>176,289</u>	25.17%
	<u>\$ 1,316,142</u>		<u>\$ 1,056,925</u>	

		Years ended December 31,			
		2023		2022	
		Share of profit (loss) of associate accounted for under the equity method	Other comprehensive profit and loss (before tax)	Share of profit (loss) of associate accounted for under the equity method	Other comprehensive profit and loss (before tax)
Associates					
SOLMAX POWER					
TAIWAN LIMITED	\$	451	\$ -	(\$ 1,717)	\$ -
CREATIVE SENSOR					
INC.		52,572	245,721	87,450	(56,409)
Tien Da Investment					
Co., Ltd.		9,185	11,140	6,681	6,947
	\$	62,208	\$ 256,861	\$ 92,414	(\$ 49,462)

- A. The Group recognised investments accounted for using equity method amounting to \$261,022 and \$243,602 as at December 31, 2023 and 2022 and comprehensive income amounting to \$20,776 and \$11,911 for the years ended December 31, 2023 and 2022, respectively, based on the investees' financial statements audited by other independent auditors.
- B. SOLMAX POWER TAIWAN LIMITED did not acquire shares proportionally to its interest during its investees' capital increase by cash for the years ended December 31, 2023 and 2022 which caused the change of shareholding ratio and adjusted 'Capital surplus' and 'Investments accounted for under equity method'. The Group increased 'Capital surplus' to \$2,044 and 'Investments accounted for under the equity method' to \$2,044 and decreased 'Capital surplus' to (\$1,038) and 'Investments accounted for under the equity method' to (\$1,038) for the change of the equity from SOLMAX POWER TAIWAN LIMITED.
- C. CREATIVE SENSOR INC. disposed equity instruments at fair value through other comprehensive income (losses) for the years ended December 31, 2023 and 2022 which caused the adjustment of 'Unappropriated retained earnings' and 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income'. The Group increased 'Unappropriated retained earnings' to \$58,246 and decreased 'Unrealized (loss) gain on valuation of financial assets at fair value through other comprehensive income' to (\$58,246) and increased 'Unappropriated retained earnings' to \$3,993 and decreased 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income' to (\$3,993) for the change of the equity from CREATIVE SENSOR INC.
- D. Tien Da Investment Co., Ltd. disposed equity instruments at fair value through other comprehensive income (losses) for the years ended December 31, 2023 and 2022 which caused the adjustment of 'Unappropriated retained earnings' and 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income'. The Group for the years

ended increased 'Unappropriated retained earnings' to \$1,820 and decreased 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income' to (\$1,820) and increased 'Unappropriated retained earnings' to \$86 and decreased 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income' to (\$86) for the change of the equity from Tien Da Investment Co., Ltd.

- E. CREATIVE SENSOR INC., transferred the repurchased treasury shares to employees for the years ended December 31, 2023 and 2022 which caused the change of shareholding ratio and adjusted 'Capital surplus', 'Unappropriated retained earnings' and 'Investments accounted for under the equity method'. The Group decreased 'Capital surplus' to (\$1,083), 'Unappropriated retained earnings' to (\$1,129) and 'Investments accounted for under the equity method' to (\$2,212) and increased 'Capital surplus' to \$285 and 'Investments accounted for under the equity method' to \$285 for the change of the equity from CREATIVE SENSOR INC.

F. Significant associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2023	December 31, 2022		
CREATIVE SENSOR INC.	Taiwan	20.22%	20.46%	Associates	Equity method
Tien Da Investment Co., Ltd.	Taiwan	25.17%	25.17%	Associates	Equity method

(b) The summarised financial information of the associates that are material to the Group is as follows:

i. CREATIVE SENSOR INC.

(i) Balance sheet

	CREATIVE SENSOR INC.	
	December 31, 2023	December 31, 2022
Current assets	\$ 3,410,424	\$ 2,967,629
Non-current assets	3,811,288	3,446,617
Current liabilities	(1,993,466)	(2,471,247)
Non-current liabilities	(65,006)	(65,235)
Total net assets	<u>\$ 5,163,240</u>	<u>\$ 3,877,764</u>
Carrying amount of the associate	<u>\$ 1,055,120</u>	<u>\$ 813,323</u>

(ii) Statement of comprehensive income

	CREATIVE SENSOR INC.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 3,056,224	\$ 4,256,952
Profit for the period from continuing operations	\$ 246,790	\$ 359,682
Other comprehensive income (loss), net of tax	1,272,892	(306,374)
Total comprehensive income	\$ 1,519,682	\$ 53,308
Dividends received from associates	\$ 54,284	\$ 37,246

(iii) The Group's material associate, CREATIVE SENSOR INC., has quoted market prices. As of December 31, 2023 and 2022, the fair value were \$852,735 and \$797,813, respectively.

(iv) The Group is the single largest shareholder of CREATIVE SENSOR INC. with a 20.22% equity interest. Considering the participation degree of other shareholders and the voting record of significant resolutions in the shareholders' meeting of CREATIVE SENSOR INC. and the Company holding 2 out of 7 board seats of the company, which indicates that the Group has no current ability to direct the relevant activities of CREATIVE SENSOR INC., the Group has no control, but only has significant influence, over the investee.

ii. Tien Da Investment Co., Ltd.

(i) Balance sheet

	Tien Da Investment Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$ 79,565	\$ 41,252
Non-current assets	734,528	712,352
Current liabilities	(3,465)	(2,274)
Total net assets	\$ 810,628	\$ 751,330
Carrying amount of the associate	\$ 191,214	\$ 176,289

(ii) Statement of comprehensive income

	Tien Da Investment Co., Ltd.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 42,167	\$ 31,726
Profit for the period from continuing operations	\$ 36,492	\$ 26,543
Other comprehensive income, net of tax	44,256	27,848
Total comprehensive income	\$ 80,748	\$ 54,391
Dividends received from associates	\$ 5,400	\$ -

(iii) The Group's material associate, TIEN DA INVESTMENT CO., LTD, has no quoted market prices. Accordingly, there are no fair value information.

G. The Group's associate accounted for using equity method were not material to the financial statements based on the Group's individual assessment. As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$69,808 and \$67,313, respectively. The Group's share of the operating results are summarised below:

	Years ended December 31,	
	2023	2022
Profit (loss) for the period from continuing operations	\$ 451	(\$ 1,717)
Total comprehensive income (loss)	\$ 451	(\$ 1,717)

I. The Group has no investments accounted for under the equity method pledged to others.

(7) Property, plant and equipment

		2023														
		Machinery and equipment	Mold equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Others								
		Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Total							
At January 1																
Cost	\$	26,507	\$	6,959	\$	23,021	\$	1,545	\$	40,489	\$	43,391	\$	23,040	\$	164,952
Accumulated depreciation and impairment	(	10,518)	(	4,869)	(	18,802)	(	909)	(	35,435)	(	41,642)	(	19,262)	(	131,437)
	\$	15,989	\$	2,090	\$	4,219	\$	636	\$	5,054	\$	1,749	\$	3,778	\$	33,515
Opening net book amount as at January 1	\$	15,989	\$	2,090	\$	4,219	\$	636	\$	5,054	\$	1,749	\$	3,778	\$	33,515
Additions	-	-	-	526	-	3,373	4,849	788	9,536							
Depreciation charge	(	2,681)	(	903)	(	1,587)	(	107)	(	2,426)	(	2,853)	(	1,802)	(	12,359)
Reclassifications for the period (Note)	-	-	375	-	-	416	11,872	-	12,663							
Net exchange differences	(	227)	-	-	-	11)	231)	-	469)							
Closing net book amount as at December 31	\$	13,081	\$	1,562	\$	3,158	\$	529	\$	6,406	\$	15,386	\$	2,764	\$	42,886
<u>At December 31</u>																
Cost	\$	25,780	\$	7,292	\$	22,620	\$	1,545	\$	43,896	\$	59,321	\$	23,708	\$	184,162
Accumulated depreciation and impairment	(	12,699)	(	5,730)	(	19,462)	(	1,016)	(	37,490)	(	43,935)	(	20,944)	(	141,276)
	\$	13,081	\$	1,562	\$	3,158	\$	529	\$	6,406	\$	15,386	\$	2,764	\$	42,886

	2022							
	Machinery and equipment Owner occupied	Mold equipment Owner occupied	Testing equipment Owner occupied	Transportation equipment Owner occupied	Office equipment Owner occupied	Leasehold improvements Owner occupied	Others Owner occupied	Total
At January 1								
Cost	\$ 24,151	\$ 5,162	\$ 18,842	\$ 900	\$ 38,763	\$ 42,966	\$ 22,699	\$ 153,483
Accumulated depreciation and impairment	(7,874)	(4,591)	(17,598)	(900)	(34,335)	(38,204)	(16,338)	(119,840)
	<u>\$ 16,277</u>	<u>\$ 571</u>	<u>\$ 1,244</u>	<u>\$ -</u>	<u>\$ 4,428</u>	<u>\$ 4,762</u>	<u>\$ 6,361</u>	<u>\$ 33,643</u>
Opening net book amount as at January 1	\$ 16,277	\$ 571	\$ 1,244	\$ -	\$ 4,428	\$ 4,762	\$ 6,361	\$ 33,643
Additions	2,330	2,209	2,975	645	2,157	-	416	10,732
Depreciation charge	(2,830)	(700)	(1,276)	(9)	(1,536)	(3,039)	(3,001)	(12,391)
Reclassifications for the period (Note)	-	-	1,275	-	-	-	-	1,275
Net exchange differences	<u>212</u>	<u>10</u>	<u>1</u>	<u>-</u>	<u>5</u>	<u>26</u>	<u>2</u>	<u>256</u>
Closing net book amount as at December 31	<u>\$ 15,989</u>	<u>\$ 2,090</u>	<u>\$ 4,219</u>	<u>\$ 636</u>	<u>\$ 5,054</u>	<u>\$ 1,749</u>	<u>\$ 3,778</u>	<u>\$ 33,515</u>
<u>At December 31</u>								
Cost	\$ 26,507	\$ 6,959	\$ 23,021	\$ 1,545	\$ 40,489	\$ 43,391	\$ 23,040	\$ 164,952
Accumulated depreciation and impairment	(10,518)	(4,869)	(18,802)	(909)	(35,435)	(41,642)	(19,262)	(131,437)
	<u>\$ 15,989</u>	<u>\$ 2,090</u>	<u>\$ 4,219</u>	<u>\$ 636</u>	<u>\$ 5,054</u>	<u>\$ 1,749</u>	<u>\$ 3,778</u>	<u>\$ 33,515</u>

Note: Reclassifications for the period were transferred from prepayments for business facilities.

Abovementioned property, plant and equipment were neither pledged nor collateralised and no interest was capitalised.

(8) Leasing arrangements-lessee

A. The Group leases various assets including plants, offices and business vehicles. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used for borrowing, subleasing and tenancy disposal right or any other method of others using it.

B. The movements of right-of-use assets of the Group are as follows:

	2023		
	Business		
	Buildings	vehicles	Total
Opening net book amount as at January 1	\$ 129,541	\$ 3,213	\$ 132,754
Additions	711	742	1,453
Early termination of lease contract	(4,476)	(189)	(4,665)
Lease modification	(3,304)	-	(3,304)
Depreciation charge	(34,645)	(1,929)	(36,574)
Net exchange differences	(1,377)	-	(1,377)
Closing net book amount as at December 31	<u>\$ 86,450</u>	<u>\$ 1,837</u>	<u>\$ 88,287</u>

	2022		
	Business		
	Buildings	vehicles	Total
Opening net book amount as at January 1	\$ 42,401	\$ 2,146	\$ 44,547
Additions	118,021	3,316	121,337
Early termination of lease contract	(1,610)	(44)	(1,654)
Depreciation charge	(29,158)	(2,205)	(31,363)
Net exchange differences	(113)	-	(113)
Closing net book amount as at December 31	<u>\$ 129,541</u>	<u>\$ 3,213</u>	<u>\$ 132,754</u>

C. The information on income and expense accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 1,535	\$ 800
Expense on short-term lease contracts	1,710	3,788
Gain on lease modification	(160)	(50)
	<u>\$ 3,085</u>	<u>\$ 4,538</u>

D. For the years ended December 31, 2023 and 2022, apart from cash outflow for interest expense on lease liabilities and expense on short-term lease contracts mentioned in Note 6(8)C., the Group's total cash outflow for repayments of the principal portion of lease liabilities is mentioned in Note 6(24).

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 198,000</u>	1.80%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 297,000</u>	1.775% ~ 1.78%	None

For the details of interest expense recognised in profit or loss, please refer to Note 6(18).

(10) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 61,783	\$ 64,935
Service charge payable	12,957	13,551
Employees' compensation and directors' remuneration payable	613	15,281
Insurance payable	3,117	2,969
Research and development expense payable	1,207	2,187
Payable on machinery and equipment	1,819	2,044
Others	14,847	24,227
	<u>\$ 96,343</u>	<u>\$ 125,194</u>

(11) Pensions

A. Defined benefit pension plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 30,328)	(\$ 37,843)
Fair value of plan assets	<u>25,026</u>	<u>31,103</u>
Net defined benefit liability (Shown as other non-current liabilities)	(\$ <u>5,302</u>)	(\$ <u>6,740</u>)

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2023			
Balance at January 1	(\$ 37,844)	\$ 31,104	(\$ 6,740)
Current service cost	(147)	-	(147)
Upfront service cost	229	-	229
Interest (expense) income	(485)	410	(75)
	<u>(38,247)</u>	<u>31,514</u>	<u>(6,733)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	227	227
Change in demographic assumptions	(16)	-	(16)
Change in financial assumptions	(156)	-	(156)
Experience adjustments	(723)	-	(723)
	<u>(895)</u>	<u>227</u>	<u>(668)</u>
Pension fund contribution	-	2,099	2,099
Paid pension	<u>8,814</u>	<u>(8,814)</u>	<u>-</u>
Balance at December 31	(\$ <u>30,328</u>)	\$ <u>25,026</u>	(\$ <u>5,302</u>)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	(\$ 41,204)	\$ 27,375	(\$ 13,829)
Current service cost	(182)	-	(182)
Interest (expense) income	(286)	196	(90)
	(41,672)	27,571	(14,101)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,317	2,317
Change in demographic assumptions	(22)	-	(22)
Change in financial assumptions	2,539	-	2,539
Experience adjustments	394	-	394
	2,911	2,317	5,228
Pension fund contribution	-	2,133	2,133
Paid pension	917	(917)	-
Balance at December 31	(\$ 37,844)	\$ 31,104	(\$ 6,740)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.25%	1.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with future mortality rate estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 764)	\$ 792	\$ 784	(\$ 761)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 995)	\$ 1,032	\$ 1,022	(\$ 991)

The sensitivity analysis above is based on one assumption which changed while other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$1,459.
- (g) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	\$ 748
1-2 year(s)	924
2-5 years	5,366
Over 5 years	27,251
	<u>\$ 34,289</u>

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s consolidated subsidiaries, Atlas, AIO and ISI do not have employee retirement plans and there is no requirement according to local regulations. TECO Image Systems (Suzhou) Co., Ltd., Teco Image Systems (DongGuan) Co., Ltd. and Teco

Pro-Systems (JiangXi) Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with local regulations are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

- (c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022, were \$9,311 and \$9,176, respectively.

(12) Provisions

	2023	2022
At January 1	\$ 23,041	\$ 23,166
Additional provisions	-	2
Used during the period	(895)	(127)
At December 31	<u>\$ 22,146</u>	<u>\$ 23,041</u>

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Current-product warranty	<u>\$ 22,146</u>	<u>\$ 23,041</u>

The Group provides warranties on multi-function printers sold. Provision for product warranty is estimated based on historical warranty data of multi-function printers. It is expected that provision for product warranty will be used in the following years.

(13) Share capital

- A. As of December 31, 2023, the Company's authorised capital was \$2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was \$1,125,365 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. For the years ended December 31, 2023 and 2022, the number of ordinary shares outstanding at the beginning of the period were consistent with the number at the end of the period which amounted to 112,536,565 shares.
- C. On December 31, 2023 and 2022, the Group's associate, CREATIVE SENSOR INC, held 33,408,000 shares of the Group, respectively.

(14) Retained earnings

- A. Earnings allocation under the Company's Articles of Incorporation

- (a) According to the amended Articles of Incorporation adopted at the shareholders' meeting on June 17, 2022:

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order: (i) Pay all taxes; (ii) Offset prior years' losses; (iii) Set aside 10% as legal reserve, except when the statutory surplus reserve has reached the total capital of the company; (iv) Set aside special reserve in accordance with the regulations or resolutions approved by the competent authority or the shareholders; and (v) The remainder along with the beginning unappropriated earnings and reversal of special reserve is the shareholders' accumulated distributable earnings. All or part of dividends and bonuses are

paid in cash, the board of directors may be authorized to do so with the attendance of more than two-thirds of the directors and with the consent of a majority of the directors present and reported to the shareholders' meeting.

In principle, earnings distribution is based on the current year's after-tax net profit, but considering the principle of dividend balance, if the current year's after-tax net profit is insufficient for distribution, the undistributed surplus of previous years may be used for distribution.

Considering the needs of future business expansion and cash flow, the Company will distribute earnings in the form of cash dividends or stock dividends, of which cash dividends shall not be less than 5% of the total dividends.

- (b) Before the amended Articles of Incorporation adopted at the shareholders' meeting on June 17, 2022:

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order: (i) Pay all taxes; (ii) Offset prior years' losses; (iii) Set aside 10% as legal reserve, except when the statutory surplus reserve has reached the total capital of the company. ; (iv) Set aside special reserve in accordance with the regulations or resolutions approved by the competent authority or the shareholders; and (v) The remainder along with the beginning unappropriated earnings and reversal of special reserve is the shareholders' accumulated distributable earnings. The appropriation of the accumulated distributable earnings shall be proposed by the Board of Directors and resolved by the shareholders as the shareholders' bonus.

In principle, earnings distribution is based on the current year's after-tax net profit, but considering the principle of dividend balance, if the current year's after-tax net profit is insufficient for distribution, the undistributed surplus of previous years may be used for distribution.

Considering the needs of future business expansion and cash flow, the Company will distribute earnings in the form of cash dividends or stock dividends, of which cash dividends shall not be less than 5% of the total dividends.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. Appropriation of the Company's earnings is as follows:

(a) Details of appropriation of 2022 and 2021 earnings as resolved by the shareholders on June 15, 2023 and June 17, 2022, respectively, are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 9,505		\$ 45,568	
Special reserve appropriated	60,406		-	
Cash dividends	57,394	0.51	46,140	0.41
	<u>\$ 127,305</u>		<u>\$ 91,708</u>	

(b) Details of appropriation of 2023 earnings as resolved by the shareholders on March 5, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 17,021	
Reversal of special reserve appropriated	(60,406)	
Cash dividends	56,268	0.50
	<u>\$ 12,883</u>	

(15) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

Year ended December 31,	Revenue from sale of multi-function printer		Other sales		Total
	Mainland China and Hong Kong	Others	Mainland China and Hong Kong	Others	
2023					
Revenue from customer contracts	\$ 928,977	\$ 57,370	\$ 1,777	\$ 208,548	\$ 1,196,672
Year ended December 31,	Revenue from sale of multi-function printer		Other sales		Total
	Mainland China and Hong Kong	Others	Mainland China and Hong Kong	Others	
2022					
Revenue from customer contracts	\$ 1,392,344	\$ 50,081	\$ 24,963	\$ 255,379	\$ 1,722,767

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities-sales revenue and other sales	\$ 21,693	\$ 22,600	\$ 26,767

(b) For the years ended December 31, 2023 and 2022, revenue recognised that was included in the contract liability balance at the beginning of the period was \$787 and \$7,745, respectively.

(16) Other income

	Years ended December 31,	
	2023	2022
Dividend income	\$ 40,148	\$ 45,865
Others	13,866	5,777
	<u>\$ 54,014</u>	<u>\$ 51,642</u>

(17) Other gains and losses

	Years ended December 31,	
	2023	2022
Net losses on financial assets/liabilities at fair value through profit or loss	(\$ 11,966)	(\$ 31,589)
Net currency exchange loss or gain	(440)	31,722
Expense of proxy solicitation (Note)	160	50
Others	(1,848)	(551)
	<u>(\$ 14,094)</u>	<u>(\$ 368)</u>

(18) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 4,485	\$ 6,107
Lease liabilities	1,535	800
Others	261	-
	<u>\$ 6,281</u>	<u>\$ 6,907</u>

(19) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expenses	<u>\$ 250,900</u>	<u>\$ 281,008</u>
Depreciation charges on property, plant, equipment and right-of-use assets	<u>\$ 48,933</u>	<u>\$ 43,754</u>
Amortisation charges on intangible assets and deferred accounts	<u>\$ 3,171</u>	<u>\$ 2,780</u>

(20) Employee benefit expenses

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 206,800	\$ 230,801
Labour and health insurance fees	12,157	13,297
Pension costs	9,304	9,448
Directors' remuneration	9,422	12,704
Others	13,217	14,758
	<u>\$ 250,900</u>	<u>\$ 281,008</u>

- A. In accordance with the Articles of Incorporation of the Company, in order to motivate employees and the management team, if the company has a profit in the current year, the profit before the distribution of employee remuneration and directors' remuneration shall be deducted from the pre-tax profit of the current year and retained to make up for the accumulated loss. The balance should be allocated to the staff compensation range ratio of 5% to 15% and the directors' compensation ratio should not be higher than 5%. Employee remuneration, the actual distribution ratio of directors' and supervisors' remuneration, and employee remuneration shall be in stock or cash, which shall be implemented by the board of directors with the presence of more than two-thirds of the directors and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting. Employee remuneration is issued in stock or cash to employees of subsidiaries who meet certain conditions.
- B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at \$401 and \$7,112 respectively; while directors' and supervisors' remuneration were accrued at

\$212 and \$3,759, respectively. The aforementioned amounts were recognised in salary expenses.

For the years ended December 31, 2023 and 2022, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 7% and 3.7% of distributable profit of current year as of the end of reporting period.

On March 17, 2023, employees' compensation and directors' remuneration for 2022 amounting to \$7,112 and \$3,759, respectively, as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. For the year ended December 31, 2022, employees' compensation will be distributed in the form of cash, but as of December 31, 2023 the amounts of \$7,112 and \$3,759 were distributed, respectively.

- C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current income tax assets	(\$ 338)	\$ -
Current income tax liabilities	-	19,357
Withholding and provisional tax	338	90
Offshore income tax expense	5,321	4,070
Tax on undistributed surplus earnings	-	(19,447)
Current tax on profits for the period	5,321	4,070
Prior year income tax (over) under estimation	(2,153)	1,036
Total current tax	3,168	5,106
Deferred tax:		
Origination and reversal of temporary differences	(3,297)	1,786
Others:		
Tax on undistributed surplus earnings	-	19,447
	-	19,447
Income tax (benefit) expense	(\$ 129)	\$ 26,339

(b) The Group did not have income tax charged/(credited) to equity. The income tax (benefit) expense relating to components of other comprehensive income (loss) is as follows:

	Years ended December 31,	
	2023	2022
Remeasurement of defined obligations	(\$ 134)	\$ 1,047

B. Reconciliation between income tax expenses and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on (loss) profit before tax and statutory tax rate (Note)	(\$ 8,921)	\$ 10,381
Domestic dividend revenue exempted from tax	(8,030)	(9,173)
Non-deductible taxable losses caused by income from domestic tax-free dividends	8,030	6,138
Unrecognised deferred tax assets arising from loss on investments abroad	8,465	6,531
Unrecognised deferred tax liabilities arising from gain on domestic investments	(12,442)	(18,481)
Taxable loss unrecognized deferred income tax assets	12,883	6,896
Prior year income tax overestimation	(2,153)	1,036
Tax on undistributed earnings	-	19,447
Payable fees payment (unpaid) amount	(3,698)	(2,002)
Effect of other adjustments	5,737	5,566
Income tax expenses	<u>(\$ 129)</u>	<u>\$ 26,339</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss for market value decline and obsolete and slow-moving inventories	\$ 4,084	\$ 572	\$ -	\$ 4,656
After-service guarantee expense	4,608	(179)	-	4,429
Unpaid expense	3,015	1,357	-	4,372
Unused compensated absences payable	181	(21)	-	160
Pension payable	302	758	134	1,194
Unrealized exchange losses	327	810	-	1,137
Lease liability	23,300	(5,921)	-	17,379
Subtotal	<u>\$ 35,817</u>	<u>(\$ 2,624)</u>	<u>\$ 134</u>	<u>\$ 33,327</u>
Deferred tax liabilities:				
Temporary differences:				
Right-of-use assets	(23,300)	5,921	-	(17,379)
Subtotal	<u>(\$ 23,300)</u>	<u>\$ 5,921</u>	<u>\$ -</u>	<u>(\$ 17,379)</u>
Total	<u>\$ 12,517</u>	<u>\$ 3,297</u>	<u>\$ 134</u>	<u>\$ 15,948</u>

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss for market value decline and obsolete and slow-moving inventories	\$ 3,907	\$ 177	\$ -	\$ 4,084
After-service guarantee expense	4,633	(25)	-	4,608
Unpaid expense	1,286	1,729	-	3,015
Unused compensated absences payable	182	(1)	-	181
Pension payable	2,766	(1,417)	(1,047)	302
Unrealized exchange losses	2,576	(2,249)	-	327
Lease liability	2,447	20,853	-	23,300
Subtotal	\$ 17,797	\$ 19,067	(\$ 1,047)	\$ 35,817
Deferred tax liabilities:				
Temporary differences:				
Right-of-use assets	(2,447)	(20,853)	-	(23,300)
Subtotal	(\$ 2,447)	(\$ 20,853)	\$ -	(\$ 23,300)
Total	\$ 15,350	(\$ 1,786)	(\$ 1,047)	\$ 12,517

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	Year ended December 31, 2023				
	Year incurred	Amount assessed	Unused amount	Deferred tax assets	Expiry year
Teco Image Systems Co., Ltd.	2023	\$ 13,772	\$ 13,772	\$ 13,772	2033
Teco Image Systems (DongGuan) Co., Ltd.	2020	5,467	4,546	4,546	2025
Teco Image Systems (DongGuan) Co., Ltd.	2022	23,814	23,814	23,814	2027
Teco Image Systems (DongGuan) Co., Ltd.	2023	40,520	40,520	40,520	2028
		<u>\$ 83,573</u>	<u>\$ 82,652</u>	<u>\$ 82,652</u>	
	Year ended December 31, 2022				
	Year incurred	Amount assessed	Unused amount	Deferred tax assets	Expiry year
Teco Image Systems (DongGuan) Co., Ltd.	2020	\$ 15,090	\$ 15,090	\$ 15,090	2025
Teco Image Systems (DongGuan) Co., Ltd.	2021	23,355	23,355	23,355	2026
Teco Image Systems (DongGuan) Co., Ltd.	2022	27,583	27,583	27,583	2027
		<u>\$ 66,028</u>	<u>\$ 66,028</u>	<u>\$ 66,028</u>	

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	Years ended December 31,	
	2023	2022
Share of profit of foreign subsidiaries for using equity method	\$ 162,659	\$ 120,336
Loss on decline in market value	9,875	10,821
	<u>\$ 172,534</u>	<u>\$ 131,157</u>

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(22) Earnings per share

The Group and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method. The Group adopted the treasury stock method for the investment in CREATIVE SENSOR INC., and the shares of the Company held by CREATIVE SENSOR INC. should be treated as treasury stocks and be deducted when calculating earnings per share.

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent (Note 1)	<u>\$ 7,118</u>	<u>79,129</u>	<u>0.09</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	7,118	79,129	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	<u>-</u>	<u>24</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares (Note 2)	<u>\$ 7,118</u>	<u>79,153</u>	<u>0.09</u>

Note 1: The weighted average number of ordinary shares outstanding was 112,537 thousand shares and the basic earnings per share was \$0.06 (in dollars) without considering that the company and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method.

Note 2: The weighted average number of ordinary shares outstanding was 112,561 thousand shares and the diluted earnings per share was \$0.06 (in dollars) without considering that the company and CREATIVE SENSOR INC. are mutual holdings and accounted for under

the equity method.

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent (Note 1)	\$ 64,384	79,129	0.81
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	64,384	79,129	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	422	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares (Note 2)	\$ 64,384	79,551	0.81

Note 1: The weighted average number of ordinary shares outstanding was 112,537 thousand shares and the basic earnings per share was \$0.57 (in dollars) without considering that the company and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method.

Note 2: The weighted average number of ordinary shares outstanding was 112,959 thousand shares and the diluted earnings per share was \$0.57 (in dollars) without considering that the company and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method.

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 9,536	\$ 10,732
Add: Opening balance of payable on equipment	2,044	88
Less: Ending balance of payable on equipment	(1,819)	(2,044)
Cash paid during the period	\$ 9,761	\$ 8,776

(24) Changes in liabilities from financing activities

	Short-term borrowings	Dividend payable (Shown in other payables)	Lease liabilities (Current/Non-current)
At January 1, 2023	\$ 297,000	\$ -	\$ 134,913
Declaration of dividend	-	57,394	-
Cash dividends paid	-	(57,394)	-
Proceeds from debt	548,000	-	-
Repayments of debt	(647,000)	-	-
Increase in lease liabilities	-	-	1,453
Early termination of lease contract	-	-	(4,825)
Lease modification	-	-	(3,304)
Repayment of the principal portion	-	-	(35,666)
Transferred to other payables	-	-	(139)
Net exchange differences	-	-	(1,423)
At December 31, 2023	<u>\$ 198,000</u>	<u>\$ -</u>	<u>\$ 91,009</u>
	Short-term borrowings	Dividend payable (Shown in other payables)	Lease liabilities (Current/Non-current)
At January 1, 2022	\$ 297,000	\$ -	\$ 44,787
Declaration of dividend	-	46,140	-
Cash dividends paid	-	(46,140)	-
Proceeds from debt	1,597,000	-	-
Repayments of debt	(1,597,000)	-	-
Increase in lease liabilities	-	-	121,337
Early termination of lease contract	-	-	(1,704)
Repayment of the principal portion	-	-	(28,281)
Transferred to other payables	-	-	(1,110)
Net exchange differences	-	-	(116)
At December 31, 2022	<u>\$ 297,000</u>	<u>\$ -</u>	<u>\$ 134,913</u>

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Group</u>
SOLMAX POWER TAIWAN LIMITED	Associates
Tien Da Investment Co., Ltd.	Associates
CREATE SENSOR INC.	Associates
ProMOS TECHNOLOGIES INC.	The director of the securities holding company is the Company's vice chairman
Darbe II Venture	The Company is a corporate director of this company
KORYO ELECTRONICS CO., LTD.	The Company is a corporate director of this company
TECO ELECTRIC & MACHINERY CO., LTD.	This company's corporate director is the Company's associates
YURYO CO., LTD.	This company is a wholly-owned subsidiary held by KORYO ELECTRONICS CO., LTD.
TAIWAN PELICAN EXPRESS CO., LTD.	This company's director and the Company's chairman are within first degree of kinship
Tong An Assets Management & Development Co., Ltd.	The chairman of the securities holding company and the Company's chairman are within first degree of kinship
ROYAL PARK TAIWAN CO., LTD.	The chairman of the securities holding company and the Company's chairman are within first degree of kinship
AN-SHIN FOOD SERVICES CO., LTD.	The chairman of the securities holding company and the Company's chairman are within first degree of kinship
Mingxiang Culture Co., Ltd.	This company's director is the Company's vice chairman
All directors, president and key management	The Group's key management and governing body

(2) Significant related party transactions and balances

A. Sales

The amount of sales transactions between the Group and the related parties are not disclosed since it is not significant and did not reach \$3,000.

B. Purchases

(a) Purchases

The details of purchases with relevant discounts from the related parties are as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>13,443</u>	\$ <u>19,241</u>

Goods are purchased from associates on normal commercial terms and conditions. The terms are approximately the same as those to third-party suppliers which is from 30 days after the purchase to 105 days after monthly billing while to related parties is 45 days to 105 days after monthly billing.

(b) Payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other related parties	\$ 3,269	\$ 5,684

C. Leasing arrangements-lessee

(a) Lease liabilities/Other payables/Finance costs

i. The Group's lease liabilities generated from lease transactions:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tong An Assets Management & Development Co., Ltd.	\$ 7,349	\$ 17,061
Other related parties	-	322
	<u>\$ 7,349</u>	<u>\$ 17,383</u>

ii. The Group's interest expense generated from lease transactions:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Tong An Assets Management & Development Co., Ltd.	\$ 119	\$ 216
Other related parties	1	6
	<u>\$ 120</u>	<u>\$ 222</u>

D. Transaction of payment on behalf of others/Other payables

The amounts of advance money (shown as other payables) in relation to other transactions from the entities with the related parties are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Entities with significant influence to the Group	\$ 43	\$ 22
Other related parties	1,561	2,130
	<u>\$ 1,604</u>	<u>\$ 2,152</u>

E. Dividend income

(a) Other income-dividend income

Other income-dividend income arising from investment in associates is as follows:

	Years ended December 31,	
	2023	2022
Darbe II Venture	\$ -	\$ 4,175
TECO ELECTRIC & MACHINERY CO., LTD.	15,575	23,049
KORYO ELECTRONICS CO., LTD.	21,987	17,989
Other related parties	2,072	590
	<u>\$ 39,634</u>	<u>\$ 45,803</u>

(b) Investments accounted for using the equity method

Dividend income arising from investment in associates (shown as deduction of investment accounted for using the equity method) is as follows:

	Years ended December 31,	
	2023	2022
CREATE SENSOR INC.	\$ 54,284	\$ 37,246
Tien Da Investment Co., Ltd.	5,400	-
	<u>\$ 59,684</u>	<u>\$ 37,246</u>

(c) Other receivables

As of December 31, 2023 and 2022, there were no other receivables arising from aforementioned transactions.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 33,946	\$ 30,835
Post-employment benefits	599	506
	<u>\$ 34,545</u>	<u>\$ 31,341</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A. Significant contingent liabilities

None.

B. Significant unrecognised contract commitments

- (1) As of December 31, 2023 and 2022, the amounts of the promissory notes issued by the Group for borrowings were both \$580,152.
- (2) The Group is required to purchase goods and is guaranteed by the bank for customs duties. As of December 31, 2023 and 2022, the amount was both \$1,500.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details of the appropriation of 2023 retained earnings as resolved by the Board of Directors on March 5, 2024 are provided in Note 6(14).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt to assets ratio. This ratio is calculated as total debt divided by total assets.

During 2023, the Group's strategy was unchanged from 2022. As of December 31, 2023 and 2022, the Group's debt to assets ratio were provided in consolidated balance sheets.

(2) Financial risk of financial instruments

A. Financial instruments by category

The Group's financial assets (including cash and cash equivalents, financial assets at fair value through profit or loss-current, accounts receivable (including related parties), other receivables, financial assets at fair value through other comprehensive income-non-current and refundable deposits) and financial liabilities (including short-term borrowings, accounts payable (including related parties), other payables and lease liabilities (current/non-current)) are provided in consolidated balance sheets and Note 6.

B. Risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk.

- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
 - (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).
- C. Significant financial risks and degrees of financial risks
- (a) Market risk
 - Foreign exchange risk
 - i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries denominated in various functional currencies, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
 - ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Cross currency swap are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
 - iii. The Group hedges foreign exchange rate by using cross currency swap. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	19,090	30.7050	\$ 586,158
USD:RMB	7,921	7.0827	243,214
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	9,866	30.7050	302,936
USD:RMB	9,542	7.0827	292,987

December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	22,023	30.7100	\$ 676,326
USD:RMB	9,018	6.9646	276,943
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	12,009	30.7100	368,796
USD:RMB	12,571	6.9646	386,055

- v. Total exchange (loss) gain, including realised and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 are shown in Note 6(17).

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income (loss)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 5,862	\$ -
USD:RMB	1%	2,432	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(3,029)	-
USD:RMB	1%	(2,930)	-
Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income (loss)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 6,763	\$ -
USD:RMB	1%	2,769	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(3,688)	-
USD:RMB	1%	(3,861)	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$7,446 and \$7,070 respectively, as a result of other comprehensive income classified as financial assets at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions at specified intervals to verify that the maximum loss potential is within the limit given by the management.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, pre-tax for the years ended December 31, 2023 and 2022 would have decreased/increased by \$1,980 and \$2,970 respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the notes receivable, accounts receivable (including related parties) and financial assets at fair value through profit or loss based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire Group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

- v. The Group classifies customers' accounts receivable in accordance with credit rating of customer, credit risk on trade and customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vii. Customers that are grouped as good customers have no significant default record in recent years. However, in accordance with IFRS 9, when measuring expected credit loss, the possibility of default should be taken into consideration even when the possibility of credit loss is remote.

The Group estimated forecast index before adjustment by the default rate in the past years using each operating entity as a unit. The Group considered that in the financial industry, the default rate should not be lower than 0.03% for numerous and unidentifiable individual investors. However, the Group refers to the reference rate set by the financial industry as a basis of forecast adjustment, and adjusts the expected loss rate referring to monitoring indicator and the nature of risk. The loss rate methodology is as follows:

	Without past due	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
At December 31, 2023						
Expected loss rate	0.050%	0.053%	0.056%	0.065%	100%	
Total book value	<u>\$ 232,683</u>	<u>\$ 11,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,569</u>
Loss allowance	<u>\$ 121</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127</u>
	Without past due	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
At December 31, 2022						
Expected loss rate	0.050%	0.053%	0.056%	0.065%	100%	
Total book value	<u>\$ 308,946</u>	<u>\$ 648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,594</u>
Loss allowance	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>

The above ageing analysis was based on past due date.

- viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 158	\$ -	\$ 158
Provision of expected credit loss gain	(31)	-	(31)
At December 31	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 127</u>

	2022		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 199	\$ -	\$ 199
Provision of expected credit loss gain	(41)	-	(41)
At December 31	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ 158</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate		
Expiring within one year	<u>\$ 302,000</u>	<u>\$ 203,000</u>

- iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings, except for the table below they are all financial liabilities due for repayment within one year. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
<u>Non-derivative financial liabilities</u>				
Lease liabilities-current/non-current	\$ 8,921	\$ 22,927	\$ 67,032	\$ 98,880

December 31, 2022	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
<u>Non-derivative financial liabilities</u>				
Lease liabilities-current/non-current	\$ 9,753	\$ 29,987	\$ 100,170	\$ 139,910

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, accounts payable (including related parties), other payables and lease liabilities (current/non-current) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity Securities	\$ 593,036	\$ 143,515	\$ 8,000	\$ 744,551
Liabilities				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Non-hedging derivatives	\$ -	\$ 7,145	\$ -	\$ 7,145
 <u>December 31, 2022</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity Securities	\$ 593,954	\$ 105,010	\$ 8,000	\$ 706,964
Financial assets at fair value through profit or loss				
- Non-hedging derivatives	\$ -	\$ 616	\$ -	\$ 616

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:
The fair value of listed shares is the closing price at the balance sheet date.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments.
- iii. When assessing non-standard and low-complexity financial instruments, for example, equity instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the

Group's credit quality.

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022 :

	2023	2022
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1 (At December 31)	\$ 8,000	\$ 8,000

F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

G. Financial function is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other sources and represented as the exercisable price.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

<u>December 31, 2023</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 8,000	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
<u>December 31, 2022</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 8,000	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different

measurement. For the years ended December 31, 2023 and 2022, there was no significant effect on other comprehensive income categorised within Level 3 if the net assets had increased/decreased by 0.1%.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(3).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 5.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The profit or loss of the Group's operation segments is measured by (loss) profit before tax and on which the performance is assessed.

(3) Information about segment profit or loss and assets and liabilities

In addition, the accounting policies and accounting estimates adopted by reportable segments are consistent with the summary of significant accounting policies in Note 4 and critical accounting estimates and assumption mentioned in Note 5.

(4) Reconciliation for segment income (loss)

The Group has only one reportable operating segment, the revenue from external customers provided to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. No reconciliation is needed as the Group's reportable segments income (loss) is equal to the income (loss) before tax.

(5) Information on products and services

The Group engaged in manufacturing and selling of multi-function machines and modules, label printers, wide format printers and 3D printing. Details of revenues are as follows:

	Years ended December 31,	
	2023	2022
Multi-function printers	\$ 986,347	\$ 1,442,425
Others	210,325	280,342
	<u>\$ 1,196,672</u>	<u>\$ 1,722,767</u>

(6) Geographical information

Details of the Group's revenues from external customers are separated by customers' location and separated the non-current assets by assets' location as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
The People's Republic of China and Hong Kong	\$ 930,755	\$ 97,160	\$ 1,417,307	\$ 121,536
Japan	162,067	-	180,992	-
Taiwan	32,693	41,671	28,696	64,225
Others	71,157	-	95,772	-
	<u>\$ 1,196,672</u>	<u>\$ 138,831</u>	<u>\$ 1,722,767</u>	<u>\$ 185,761</u>

Note: Non-current assets do not include financial instruments, deferred income tax assets, pension plan asset and rights of insurance contracts.

(7) Major customer information

The Group is a single operating segment. Details of the revenue from individual customers that exceed 10% of net sale revenue in the statements of comprehensive income for the reported period are as follows:

	Years ended December 31,	
	2023	2022
Customer B	\$ 845,934	\$ 1,301,171
Customer T	122,798	125,896
	<u>\$ 968,732</u>	<u>\$ 1,427,067</u>

Teco Image Systems Co., Ltd. and its subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer (Note)	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Teco Image Systems Co., Ltd.	Domestic listed common stock -KORYO ELECTRONICS CO., LTD	(1)	Financial assets at fair value through other comprehensive income - non-current	9,994,000	\$ 292,824	19.29	\$ 292,824	-
"	Domestic listed common stock -TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	6,168,000	288,663	0.29	288,663	-
"	Domestic non-listed common stock -INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	None	"	159,335	-	0.97	-	-
"	Domestic non-listed common stock -KROM ELECTRONICS CO., LTD.	None	"	622,408	8,000	1.86	8,000	-
"	Foreign non-listed common stock -Convergence Tech Venture II Ltd.	None	"	420,000	-	5.71	-	-
"	Domestic non-listed common stock -ProMOS TECHNOLOGIES INC.	(3)	"	5,500,000	97,570	12.22	97,570	-
"	Domestic non-listed common stock -Darbe II Venture	(1)	"	5,000,000	45,945	7.14	45,945	-
"	Domestic listed common stock -TAIWAN PELICAN EXPRESS CO., LTD.	(4)	"	281,000	11,549	0.29	11,549	-
Total					<u>\$ 744,551</u>		<u>\$ 744,551</u>	

Note: Relationship with the securities issuer is as follows:

- (1) The Company is a corporate director of this company.
- (2) This company's corporate director is the Company's associates.
- (3) The director of the securities holding company is the Company's vice chairman.
- (4) This company's director and the Company's chairman are within first degree of kinship.

Teco Image Systems Co., Ltd. and its subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser / seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes / accounts receivable (payable)			Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)		
Teco Image Systems Co., Ltd.	Teco Image Systems (DongGuan) Co.,Ltd	Subsidiary	Processing cost	\$ 604,287	53%	60 days after next monthly billings	NA	NA	(\$ 43,629)	(39%)		-
Teco Image Systems (DongGuan) Co., Ltd.	Teco Image Systems Co., Ltd.	Parent Company	Processing sales	(604,287)	(99.79%)	60 days after next monthly billings	NA	NA	43,629	100%		-

Teco Image Systems Co., Ltd. and its subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction				Percentage of consolidated total operating revenues or total assets (Note 3)
Number (Note 2)	Company name	Counterparty	Relationship (Note 1)	General ledger account	Amount	Transaction terms		
0	Teco Image Systems Co., Ltd.	Teco Image Systems (DongGuan) Co., Ltd.	Parent company to subsidiary	Operating cost	\$ 604,287	In accordance with the agreement between the parties		50%
0	"	Teco Image Systems (DongGuan) Co., Ltd.	Parent company to subsidiary	Accounts payable	43,629	60 days after monthly billings		1%

Note 1: Individual transactions not reaching \$10,000 and the corresponding transactions of transactions disclosed by presenting parent company's transactions will not be disclosed.

Note 2: Parent company is '0'.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Table 4

Teco Image Systems Co., Ltd. and its subsidiaries
Information on investees
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the yerr ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Teco Image Systems Co., Ltd.	Atlas Tech Investment Co., Ltd.	British Virgin Islands	Professional investment company	\$ 196,096	\$ 196,096	6,248,313	100.00	\$ 18,132	(\$ 42,323)	(\$ 42,323)	Subsidiary (Note 2)
"	SOLMAX POWER TAIWAN LITMITED	R.O.C	Renewable energy-based electricity generation	70,000	70,000	7,000,000	35.00	69,808	1,289	451	Associate
"	CREATIVE SENSOR INC.	"	Manufacturing and sales of electronic components	547,477	547,477	28,906,260	20.22	1,055,120	246,790	52,572	Associate
"	Tien Da Investment Co., Ltd.	"	Professional investment company	180,000	180,000	18,000,000	25.17	191,214	36,492	9,185	Associate
Atlas Tech Investment Co., Ltd.	All-In-One International Co., Ltd.	Samoa	"	83,648	83,648	2,410,000	100.00	190	131	-	Sub-subsidiary (Note1 、3)
"	Image System International Limited	"	"	148,304	148,304	4,812,423	100.00	211	(42,358)	-	Sub-subsidiary (Note 1)

Note 1: The investment income was recognized by a subsidiary company.

Note 2: Teco Image Systems (Suzhou) CO., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary was deregistered and return the remaining capital through the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd. As of December, 2023, Atlas Tech Investment Co., Ltd. is still in the process of capital reduction.

Note 3: Teco Image Systems (Suzhou) CO., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary was deregistered and return the remaining capital through the Company's wholly-owned subsidiary, All-In-One Tech Investment Co., Ltd. As of December, 2023, All-In-One Co., Ltd. is still in the process of capital reduction.

Teco Image Systems Co., Ltd. and its subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of	Net income (loss) of investee for the for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of		Footnote
				January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	December 31, 2023					December 31, 2023	December 31, 2023	
TECO Image Systems (Suzhou) Co., Ltd.	Research, technical service,manufacturing and sales of multi - function printers and related products	\$ -	(2)	\$ 81,528	\$ -	\$ -	\$ 81,528	\$ -	-	\$ -	\$ -	\$ -	-	Note 5
Teco Pro-Systems (JiangXi) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	-	(2)	32,710	-	-	32,710	(96)	100	(96)	17,669	-	-	Note 4
Teco Image Systems (Dong Guan) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	88,647	(2)	88,647	-	-	88,647	(42,358)	100	(42,358)	200	-	-	Note 3

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: The financial statements were reviewed by R.O.C. parent company's CPA.

Note 3: On December 25, 2012, the Board of Directors resolved for the Company to establish Teco Image Systems (DongGuan) Co., Ltd. in Mainland Area through Image Systems International Limited, the subsidiary is wholly-owned by Atlas Tech Investment Co., Ltd. The shareholding ratio was 100% and the total investment amount was USD3,000 thousand. The registration for the establishment of the investee company had been completed in January 2013.

Note 4: On February 22, 2024, Teco Pro-Systems (JiangXi) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd., was deregistered.

Note 5: On September 8, 2023, TECO Image Systems (Suzhou) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd., All-In-One International Co., Ltd., was deregistered. As of December 31, 2023, the reporting procedures for the Investment Commission, MOEA is still ongoing.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 7)
Teco Image Systems Co., Ltd.	\$ 195,213	\$ 231,906	\$ 1,516,465

Note 6: As of December 31, 2023, ceiling on investments in Mainland China imposed by the Investment Commission of MOEA amounted to US\$7.4 million.

Note 7: The limitation is \$80,000 or 60% of net worth.

Teco Image Systems Co., Ltd. and its subsidiaries
Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Processing cost		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance as at December 31, 2023	%	Balance as at December 31, 2023	Purpose	Maximum balance during the nine months ended December 31, 2023	Balance as at December 31, 2023	Interest rate	Interest during the nine months ended December 31, 2023	Others
Teco Image Systems (DongGuan) Co., Ltd.	(\$ 604,287)	(53%)	\$ -	-	(\$ 43,629)	(39%)	\$ -	-	\$ -	\$ -	-	\$ -	-

Teco Image Systems Co., Ltd. and its subsidiaries

Major shareholders information

December 31, 2023

Table 7

Name of major shareholders	Shares		
	No. of shares held (common shares)	No. of shares held (preference shares)	Ownership (%)
CREATIVE SENSOR INC.	33,408,000	-	29.68%
KORYO ELECTRONICS CO., LTD.	11,425,000	-	10.15%
Tien Da Investment Co., Ltd	10,970,477	-	9.74%
Anfu International Investment Co., Ltd.	10,587,505	-	9.40%
Teco Capital Investment Co., Ltd.	8,196,501	-	7.28%
Teco International Investment Co., Ltd.	6,377,052	-	5.66%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.

TECO IMAGE SYSTEMS CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000283

To the Board of Directors and Shareholders of Teco Image Systems Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Teco Image Systems Co., Ltd. (the “Company”) as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to other matter section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Valuation of inventories

Description

For accounting policies adopted for the valuation of inventories, please refer to Note 4(11). For the significant judgements applied in the accounting policies adopted for the valuation of inventories, please refer to Note 5(2). For details of inventories, please refer to Note 6(5).

Before producing new types of multiple-function printers, the Company will prepare sufficient materials based on the sales forecast. If the actual sales are lower than the expected results, the materials in storage will be excessive and be consumed slowly. The Company estimates net present value of inventories on the balance sheet date, and then writes down inventory cost to net present value. As the valuation of inventories involve judgements, and the valuation amounts are material, we identified the valuation of inventories as one of the key audit matters.

How our audit addressed the matter:

We performed the following audit procedures in relation to the key audit matter:

1. Obtained the policies for inventory valuation and determined whether the policies applied in provision of allowance for inventory valuation losses in the different periods are in agreement.
2. Performed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained aging statements for each kind of inventory and tested the changes in ages of inventory. For selected samples with inventory number, we verified to changes record and

expiration dates, checked the accuracy of classification range of inventory ages and valued the effects on inventories.

4. Obtained net realizable value statement of each kind of inventory and checked whether the applied calculation logic was in agreement for all inventory. Tested relevant parameters and relevant estimate documents. Checked and compared allowance for valuation losses that the Company should provision at the lower of cost and net realizable value.

Existence of significant customer sales revenue

Description

For accounting policies adopted for the recognition of revenue, please refer to Note 4(27). For details of revenue, please refer to Note 6(15).

The Company mainly traded with established and reputable customers over the years. Since the changes in significant customer may materially affect the parent company only financial statements of the Company and sales revenue is high-risk in nature, we identified the existence of sales revenue from significant customer as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in relation to the key audit matter:

1. Understood the internal controls over sales.
2. Verified the appraisal report of significant customer by checking relevant information on them.
3. Tested whether the credit terms of significant customer have been approved appropriately.
4. Obtained and verified the details of sales and relevant supporting documents.
5. Performed sampling confirmation procedures to significant customer to ascertain the existence and accuracy of the receivables.
6. Obtained and verified the subsequent collections details of accounts receivable and relevant supporting documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it

relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$261,022 thousand and NT\$243,602 thousand, constituting 8.71% and 8.74% of the parent company only total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income (loss) recognized from associates accounted for under the equity method amounted to NT\$20,776 thousand and NT\$11,911 thousand, constituting 4.09% and (11.94%) of the parent company only total comprehensive income (loss) for the years then ended, respectively.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, 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 the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 Company's internal control.
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 Company's ability to continue as a going concern. 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained

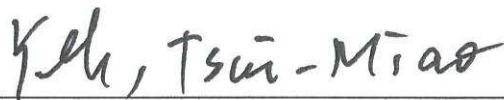
up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements. We are responsible for the direction, supervision and performance of the 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 the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.



Yeh, Tsui-Miao



Lin, Chun-Yao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 5, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report 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, PricewaterhouseCoopers 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.

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 449,772	15	\$ 358,252	13
1110	Financial assets at fair value through profit or loss - current	6(2)	7,145	-	616	-
1170	Accounts receivable, net	6(4)	244,033	8	308,712	11
1180	Accounts receivable - related parties	6(4) and 7(2)	-	-	12	-
1200	Other receivables		2,424	-	2,373	-
1210	Other receivables - related parties	7(2)	1,448	-	235	-
1220	Current income tax assets	6(21)	338	-	-	-
130X	Inventories	6(5)	108,175	4	160,583	6
1410	Prepayments		45,313	2	44,178	1
11XX	Current Assets		858,648	29	874,961	31
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	744,551	25	706,964	25
1550	Investments accounted for under equity method	6(6)	1,334,274	45	1,125,524	40
1600	Property, plant and equipment	6(7)	15,623	-	18,295	1
1755	Right-of-use assets	6(8)	18,772	1	39,553	2
1780	Intangible assets		7,276	-	5,587	-
1840	Deferred income tax assets	6(21)	15,948	-	12,517	1
1920	Guarantee deposits paid		788	-	1,581	-
1990	Other non-current assets, others		-	-	790	-
15XX	Non-current assets		2,137,232	71	1,910,811	69
1XXX	Total assets		\$ 2,995,880	100	\$ 2,785,772	100

(Continued)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 198,000	7	\$ 297,000	10
2130	Current contract liabilities	6(15)	21,682	1	21,883	1
2170	Accounts payable		63,653	2	99,260	3
2180	Accounts payable - related parties	7(2)	46,898	1	94,015	3
2200	Other payables	6(10) and 7(2)	91,137	3	107,123	4
2230	Current income tax liabilities	6(21)	-	-	19,357	1
2250	Provisions for liabilities - current	6(12)	22,146	1	23,041	1
2280	Current lease liabilities	7(2)	11,836	-	18,272	1
2300	Other current liabilities		700	-	519	-
21XX	Current Liabilities		456,052	15	680,470	24
Non-current liabilities						
2580	Non-current lease liabilities	7(2)	7,084	1	21,571	1
2600	Other non-current liabilities	6(11)	5,302	-	6,740	-
25XX	Non-current liabilities		12,386	1	28,311	1
2XXX	Total Liabilities		468,438	16	708,781	25
Equity						
	Share capital	6(13)				
3110	Share capital - common stock		1,125,365	38	1,125,365	41
	Capital surplus	6(6)				
3200	Capital surplus		1,206	-	245	-
	Retained earnings	6(14)				
3310	Legal reserve		432,334	14	422,829	15
3320	Special reserve		60,406	2	-	-
3350	Unappropriated retained earnings		631,862	21	588,958	21
	Other equity interest					
3400	Other equity interest		276,269	9	(60,406)	(2)
3XXX	Total equity		2,527,442	84	2,076,991	75
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 2,995,880	100	\$ 2,785,772	100

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(15) and 7(2)	\$ 1,194,895	100	\$ 1,718,022	100
5000	Operating costs	6(5)(19) and 7(2)	(996,807)	(83)	(1,463,513)	(85)
5900	Net operating margin		<u>198,088</u>	<u>17</u>	<u>254,509</u>	<u>15</u>
	Operating expenses	6(19)				
6100	Selling expenses		(30,210)	(2)	(33,181)	(2)
6200	General and administrative expenses		(126,224)	(11)	(137,936)	(8)
6300	Research and development expenses		(96,238)	(8)	(104,547)	(6)
6450	Impairment gain determined in accordance with IFRS 9	12(2)	<u>31</u>	<u>-</u>	<u>41</u>	<u>-</u>
6000	Total operating expenses		(252,641)	(21)	(275,623)	(16)
6900	Operating loss		(54,553)	(4)	(21,114)	(1)
	Non-operating income and expenses					
7100	Interest income		3,565	-	1,099	-
7010	Other income	6(16)	50,771	4	50,804	3
7020	Other gains and losses	6(17)	(9,717)	(1)	6,675	-
7050	Finance costs	6(18)	(4,828)	-	(6,501)	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(6)	<u>19,885</u>	<u>2</u>	<u>59,760</u>	<u>3</u>
7000	Total non-operating expenses		<u>59,676</u>	<u>5</u>	<u>111,837</u>	<u>6</u>
7900	Profit before income tax		<u>5,123</u>	<u>1</u>	<u>90,723</u>	<u>5</u>
7950	Income tax benefit (expense)	6(21)	<u>1,995</u>	<u>-</u>	<u>(26,339)</u>	<u>(1)</u>
8200	Profit for the year		<u>\$ 7,118</u>	<u>1</u>	<u>\$ 64,384</u>	<u>4</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	(\$ 668)	-	\$ 5,228	-
8316	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	6(3)	245,041	20	(120,460)	(7)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	262,227	22	(53,796)	(3)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	<u>134</u>	<u>-</u>	<u>(1,047)</u>	<u>-</u>
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		<u>506,734</u>	<u>42</u>	<u>(170,075)</u>	<u>(10)</u>
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		(473)	-	1,568	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(6)	(5,366)	-	4,334	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(5,839)	-	5,902	-
8300	Other comprehensive income (loss) for the year		<u>\$ 500,895</u>	<u>42</u>	<u>(\$ 164,173)</u>	<u>(10)</u>
8500	Total comprehensive income (loss) for the year		<u>\$ 508,013</u>	<u>43</u>	<u>(\$ 99,789)</u>	<u>(6)</u>
	Basic earnings per share					
9750	Total basic earnings per share	6(22)	<u>\$ 0.09</u>		<u>\$ 0.81</u>	
	Diluted earnings per share					
9850	Total diluted earnings per share	6(22)	<u>\$ 0.09</u>		<u>\$ 0.81</u>	

Year ended December 31, 2022

Balance at January 1, 2022		\$ 1,125,365	\$ 998	\$ 377,261	\$ -	\$ 585,614	(\$ 4,309)	\$ 138,744	\$ 2,223,673
Profit for the year		-	-	-	-	64,384	-	-	64,384
Other comprehensive income (loss) for the year		-	-	-	-	4,531	5,902	(174,606)	(164,173)
Total comprehensive income (loss)		-	-	-	-	68,915	5,902	(174,606)	(99,789)
Appropriation and distribution of 2021 retained earnings	6(14)								
Legal reserve appropriated		-	-	45,568	-	(45,568)	-	-	-
Cash dividends		-	-	-	-	(46,140)	-	-	(46,140)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	285	-	-	4,079	-	(4,079)	285
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	22,058	-	(22,058)	-
To recognise that associate did not participate in the capital increase raised in proportion to its share interest	6(6)	-	(1,038)	-	-	-	-	-	(1,038)
Balance at December 31, 2022		\$ 1,125,365	\$ 245	\$ 422,829	\$ -	\$ 588,958	\$ 1,593	(\$ 61,999)	\$ 2,076,991

Year ended December 31, 2023

Balance at January 1, 2023		\$ 1,125,365	\$ 245	\$ 422,829	\$ -	\$ 588,958	\$ 1,593	(\$ 61,999)	\$ 2,076,991
Profit for the year		-	-	-	-	7,118	-	-	7,118
Other comprehensive income (loss) for the year		-	-	-	-	178	(5,839)	506,556	500,895
Total comprehensive income (loss)		-	-	-	-	7,296	(5,839)	506,556	508,013
Appropriation and distribution of 2022 retained earnings	6(14)								
Legal reserve appropriated		-	-	9,505	-	(9,505)	-	-	-
Special reserve appropriated		-	-	-	60,406	(60,406)	-	-	-
Cash dividends from retained earnings		-	-	-	-	(57,394)	-	-	(57,394)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	(1,083)	-	-	58,937	-	(60,066)	(2,212)
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	103,976	-	(103,976)	-
To recognise that associate did not participate in the capital increase raised in proportion to its share interest	6(6)	-	2,044	-	-	-	-	-	2,044
Balance at December 31, 2023		\$ 1,125,365	\$ 1,206	\$ 432,334	\$ 60,406	\$ 631,862	(\$ 4,246)	\$ 280,515	\$ 2,527,442

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	5,123	\$	90,723
Adjustments					
Adjustments to reconcile profit (loss)					
Depreciation	6(19)		25,505		24,574
Amortization	6(19)		3,104		2,508
Net income on financial assets and liabilities at fair value through profit or loss	6(17)		11,966		31,589
Provision of expected credit gain	12(2)	(	31)	(	41)
Share of (profit) loss of associates and joint ventures accounted for under the equity method	6(6)	(	19,885)	(	59,760)
Accrued product warranty provision	6(12)		-		2
Interest expense	6(18)		4,828		6,501
Interest income		(	3,565)	(	1,099)
Dividend income	6(16)	(	40,148)	(	45,865)
Gain from lease modification	6(8)	(	160)	(	33)
Changes in operating assets and liabilities					
Changes in operating assets					
Financial assets and liabilities at fair value through profit or loss		(	18,495)	(	31,475)
Notes receivable			-		5,193
Accounts receivable			64,710		87,865
Accounts receivable-related parties			12	(	12)
Other receivables		(	1,250)		7,030
Inventories			52,408		13,905
Prepayments		(	1,135)		9,508
Changes in operating liabilities					
Contract liabilities-current		(	201)	(	3,769)
Accounts payable		(	35,607)	(	53,791)
Accounts payable - related parties		(	47,117)	(	124,598)
Other payables		(	16,253)	(	11,750)
Provisions-current		(	895)	(	127)
Other current liabilities			181	(	1,703)
Other non-current liabilities		(	2,106)	(	1,860)
Cash outflow generated from operations		(	19,011)	(	56,485)
Interest received			3,565		1,099
Interest paid		(	4,828)	(	6,501)
Income tax paid		(	20,997)	(	13,267)
Net cash flows used in operating activities		(	41,271)	(	75,154)

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Dividends received	6(16)	\$	40,148	\$	45,865
Dividend income from investments accounted for under the equity method	6(6) and 7(2)		59,684		37,246
Proceeds from disposal of financial assets at fair value through other comprehensive income - non current	6(3)		207,440		186,212
Acquisition of property, plant and equipment	6(23)	(	4,346)	(	7,351)
Acquisition of intangible assets		(	4,793)	(	2,000)
Proceeds from capital reduction of investments accounted for under the equity method			7,671		-
Increase in refundable deposits			793	(	697)
Increase in prepayments for business facilities			-	(	790)
Net cash flows from investing activities			<u>306,597</u>		<u>258,485</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Cash dividends paid	6(24)	(	57,394)	(	46,140)
Increase in short-term borrowings	6(24)		548,000		1,597,000
Repayment of short-term borrowings	6(24)	(	647,000)	(	1,597,000)
Repayment of the principal portion of lease liabilities	6(24)	(	17,412)	(	16,555)
Net cash flows used in financing activities		(	<u>173,806)</u>	(	<u>62,695)</u>
Net increase in cash and cash equivalents			91,520		120,636
Cash and cash equivalents at beginning of year			<u>358,252</u>		<u>237,616</u>
Cash and cash equivalents at end of year		\$	<u>449,772</u>	\$	<u>358,252</u>

TECO IMAGE SYSTEMS CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) Teco Image Systems Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) on September 8, 1997 and has begun its operations in the same year. The Company is primarily engaged in designing, manufacturing and trading of multi-function printers and modules, label printers, wide format printers, 3D printing, etc.

(2) The Company’s shares have been listed on the Taipei Exchange since June 2000.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 5, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance'	January 1, 2024
Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less

present value of defined benefit obligation.

- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income under "other gains and losses".

B. Translation of foreign operations

The operating results and financial position of all the company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the exchange rate prevailing at the dates of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified

to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

(12) Investments accounted for under the equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company recognise loss continuously in proportion to its ownership.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under the equity method and are initially recognised at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the

amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- I. The Company applied the treasury stock approach to calculate investments accounted for using equity method when the Company and its associates have reciprocal stock holdings and both the Company and associate accounts for the investment using the equity method.
- J. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall be equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners’ equity in the non-consolidated financial statements shall be equal to equity attributable to owners of the parent in the consolidated financial statements.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.
- D. The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Mold equipment	3 years
Machinery and equipment	8 years
Testing equipment	4 years
Transportation equipment	6 years
Office equipment	4 years
Leasehold improvements	3 years
Others	4 years

(14) Leasing arrangements (lessee) – right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost, which consists of the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(15) Intangible assets

A. Trademarks

Separately acquired trademarks are stated at historical cost. Trademarks have a finite useful life and are amortised on a straight-time basis over their estimated useful lives of 5 to 6 years.

B. Computer software and royalty

Acquired computer software and royalty are stated at historical cost and are amortised on a straight-line basis over their estimated useful lives of 1 to 5 years.

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(22) Provisions

Provisions (including contingent liabilities arising from warranties) for warranty are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

- A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax

authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and liability simultaneously. Deferred tax assets is offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Cash dividends appropriated from earnings of year 2021 are recorded as liabilities in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends appropriated from earnings of year 2022 are recorded as liabilities in the Company's financial statements in the period in which they are authorized to do so with the attendance of more than two-thirds of the directors and with the consent of a majority of the directors present by the Company's Board of Directors in accordance with the Articles of Incorporation of the Company. In addition, stock dividends are recorded as stock dividends to be distributed after the resolution of the shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

- A. The Company engages in the manufacture and sale of multi-function printers and modules, label printers, wide format printers, 3D printing and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and

there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- B. The sales usually are made with a credit term of 60 days, which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

After assessment, the Company's accounting policies have no significant uncertainty.

(2) Critical accounting estimates and assumptions

Evaluation of inventories:

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid innovation of multi-function printers and scanners, the Company may incur losses on decline in market value of these inventories caused by the unexpected decrease in sales revenue and the unusability of the materials for the new products. The Company evaluates the amounts of

normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories is shown in Note 6(5).

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 766	\$ 362
Demand deposits	449,006	357,890
	<u>\$ 449,772</u>	<u>\$ 358,252</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	<u>\$ 7,145</u>	<u>\$ 616</u>

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss for the years ended December 31, 2023 and 2022 are shown in Note 6(17).

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

<u>Derivative financial assets/liabilities</u>	<u>December 31, 2023</u>		
	<u>Contract amount</u>		<u>Contract period</u>
	<u>(notional principal)</u>		
Current items:			
Foreign exchange swap	USD	2,000	2023.11.10~2024.01.10
Foreign exchange swap	USD	1,000	2023.11.15~2024.01.15
Foreign exchange swap	USD	2,000	2023.11.17~2024.01.17
Foreign exchange swap	USD	1,000	2023.11.28~2024.01.26
Foreign exchange swap	USD	1,000	2023.12.08~2024.02.16
Foreign exchange swap	USD	1,000	2023.12.28~2024.02.27

	December 31, 2022		
	Contract amount		
Derivative financial assets/liabilities	(notional principal)		Contract period
Current items:			
Foreign exchange swap	USD	1,000	2022.11.18~2023.01.18
Foreign exchange swap	USD	2,000	2022.11.25~2023.01.19
Foreign exchange swap	USD	2,000	2022.11.16~2023.01.13
Foreign exchange swap	USD	1,000	2022.12.21~2023.02.17
Foreign exchange swap	USD	2,000	2022.12.23~2023.02.21
Foreign exchange swap	USD	1,000	2022.12.14~2023.02.13

C. The Company has no financial assets at fair value through profit or loss pledged or collateralised.

D. The Company entered into foreign exchange swap to hedge exchange rate risk. However, these foreign exchange swap contracts are not accounted for under hedge accounting.

E. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(3).

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed stocks	\$ 466,445	\$ 569,923
Unlisted stocks	146,217	146,217
	612,662	716,140
Valuation adjustment	131,889	(9,176)
	<u>\$ 744,551</u>	<u>\$ 706,964</u>

A. The Company has elected to classify equity investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income.

B. Aiming to satisfy the financial management, the Company sold \$207,454 and \$186,298 of equity instrument investments at fair value during the years ended December 31, 2023 and 2022, respectively. Other receivables arising from the abovementioned transactions amounted to \$14 and \$86 on December 31, 2023 and 2022, respectively.

C. Amounts recognised in comprehensive income and transferred to retained earnings in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2023	2022
<u>Equity instruments at fair value through other comprehensive income (losses)</u>		
Fair value change recognised in other comprehensive income (losses)	\$ 245,041	(\$ 120,460)
Cumulative gains reclassified to retained earnings due to derecognition	\$ 103,976	\$ 22,058

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(3).

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 244,160	\$ 308,870
Accounts receivable - related parties	-	12
	244,160	308,882
Less: Loss allowance	(127)	(158)
	\$ 244,033	\$ 308,724

A. For information on the ageing analysis, related credit risk of notes receivable and accounts receivable, please refer to Note 12(2).

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$401,928.

C. The Company did not hold any collateral for abovementioned notes and accounts receivable.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 124,971	(\$ 19,726)	\$ 105,245
Work in progress	1,670	(79)	1,591
Finished goods	1,230	(1,230)	-
Merchandise	2,241	(2,241)	-
Inventory in transit	1,339	-	1,339
	\$ 131,451	(\$ 23,276)	\$ 108,175

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 172,655	(\$ 16,829)	\$ 155,826
Work in progress	4,241	(116)	4,125
Finished goods	1,230	(1,230)	-
Merchandise	2,241	(2,241)	-
Inventory in transit	632	-	632
	<u>\$ 180,999</u>	<u>(\$ 20,416)</u>	<u>\$ 160,583</u>

A. Abovementioned inventories were not pledged or collateralised.

B. The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 993,947	\$ 1,462,631
Loss on decline in market value	2,860	883
Revenue from sale of scraps	-	(1)
	<u>\$ 996,807</u>	<u>\$ 1,463,513</u>

(6) Investments accounted for under the equity method

	December 31, 2023		December 31, 2022	
	Amount	Ownership	Amount	Ownership
Subsidiary:				
Atlas Tech Investment Co., Ltd.	\$ 18,132	100.00%	\$ 68,599	100.00%
Associates:				
SOLMAX POWER				
TAIWAN LIMITED	69,808	35.00%	67,313	35.00%
CREATIVE SENSOR				
INC.	1,055,120	20.22%	813,323	20.46%
Tien Da Investment				
Co., Ltd.	191,214	25.17%	176,289	25.17%
	<u>\$ 1,334,274</u>		<u>\$ 1,125,524</u>	

		Years ended December 31,			
		2023		2022	
		Share of profit (loss) of associate accounted for under the equity method	Other comprehensive profit and loss (before tax)	Share of profit (loss) of associate accounted for under the equity method	Other comprehensive profit and loss (before tax)
Subsidiary:					
Atlas Tech Investment Co., Ltd.	(\$	42,323)	(\$ 473)	(\$ 32,654)	\$ 1,568
Associates:					
SOLMAX POWER TAIWAN LIMITED		451	-	(1,717)	-
CREATIVE SENSOR INC.		52,572	245,721	87,450	(56,409)
Tien Da Investment Co., Ltd.		9,185	11,140	6,681	6,947
	\$	<u>19,885</u>	<u>256,388</u>	<u>59,760</u>	<u>(\$ 47,894)</u>

A. Subsidiaries

Please refer to Note 4(3) in the consolidated financial statements as of and for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

- B. The Company recognised investments accounted for using equity method amounting to \$261,022 and \$243,602 as at December 31, 2023 and 2022 and comprehensive income amounting to \$20,776 and \$11,911 for the years ended December 31, 2023 and 2022, respectively, based on the investees' financial statements audited by other independent auditors.
- C. Teco Image Systems (Suzhou) CO., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary was deregistered and returned the remaining capital of \$7,671 through the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd. As of December 31, 2023, Atlas Tech Investment Co., Ltd. is still in the process of capital reduction.
- D. SOLMAX POWER TAIWAN LIMITED did not acquire shares proportionally to its interest during its investees' capital increase by cash for the years ended December 31, 2023 and 2022 which caused the change of shareholding ratio and adjusted 'Capital surplus', 'Unappropriated retained earnings' and 'Investments accounted for under equity method'. The Company increased 'Capital surplus' to \$2,044 and 'Investments accounted for under the equity method' to \$2,044 and decreased 'Capital surplus' to (\$1,038) and 'Investments accounted for under the equity method' to (\$1,038) for the change of the equity from SOLMAX POWER TAIWAN LIMITED.
- E. CREATIVE SENSOR INC. disposed equity instruments at fair value through other comprehensive income (losses) for the years ended December 31, 2023 and 2022 which caused

the change of shareholding ratio and adjusted 'Unappropriated retained earnings' and 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income'. The Company increased 'Unappropriated retained earnings' to \$58,246 and decreased 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income' to (\$58,246) and increased 'Unappropriated retained earnings' to \$3,993 and decreased 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income' to (\$3,993) for the change of the equity from CREATIVE SENSOR INC.

F. Tien Da Investment Co., Ltd. disposed equity instruments at fair value through other comprehensive income (losses) for the years ended December 31, 2023 and 2022 which caused the change of shareholding ratio and adjusted 'Unappropriated retained earnings' and 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income'. The Company increased 'Unappropriated retained earnings' to \$1,820 and decreased 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income' to (\$1,820) and increased 'Unappropriated retained earnings' to \$86 and decreased 'Unrealized gain (loss) on valuation of financial assets at fair value through other comprehensive income' to (\$86) for the change of the equity from Tien Da Investment Co., Ltd.

G. CREATIVE SENSOR INC., purchased shares as treasury stock during the years ended December 31, 2023 and 2022 which caused the change of shareholding ratio and adjusted 'Capital surplus'. The Company decreased 'Capital surplus' to (\$1,083), 'Unappropriated retained earnings' to (\$1,129) and 'Investments accounted for under the equity method' to (\$2,212) and increased 'Capital surplus' to \$285 and 'Investments accounted for under the equity method' to \$285 for the change of the equity from CREATIVE SENSOR INC.

H. Significant associates

(a) The basic information of the associates that are material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2023	December 31, 2022		
CREATIVE SENSOR INC.	Taiwan	20.22%	20.46%	Associates	Equity method
Tien Da Investment Co., Ltd.	Taiwan	25.17%	25.17%	Associates	Equity method

(b) The summarised financial information of the associates that are material to the Company is as follows:

i. CREATIVE SENSOR INC.

(i) Balance sheet

	CREATIVE SENSOR INC.	
	December 31, 2023	December 31, 2022
Current assets	\$ 3,410,424	\$ 2,967,629
Non-current assets	3,811,288	3,446,617
Current liabilities	(1,993,466)	(2,471,247)
Non-current liabilities	(65,006)	(65,235)
Total net assets	<u>\$ 5,163,240</u>	<u>\$ 3,877,764</u>
Carrying amount of the associate	<u>\$ 1,055,120</u>	<u>\$ 813,323</u>

(ii) Statement of comprehensive income

	CREATIVE SENSOR INC.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 3,056,224	\$ 4,256,952
Profit for the year from continuing operations	\$ 246,790	\$ 359,682
Other comprehensive income (loss) , net of tax	1,272,892	(306,374)
Total comprehensive income	<u>\$ 1,519,682</u>	<u>\$ 53,308</u>
Dividends received from associates	<u>\$ 54,284</u>	<u>\$ 37,246</u>

(iii) The Company's material associate, CREATIVE SENSOR INC., has quoted market prices. As of December 31, 2023 and 2022, the fair value was \$852,735 and \$797,813, respectively.

(iv) The Company is the single largest shareholder of CREATIVE SENSOR INC. with a 20.22% equity interest. Considering the participation degree of other shareholders and the voting right record of the significant resolution in the shareholders' meeting of CREATIVE SENSOR INC. and the Company holding 2 out of 7 board seats of the company, which indicates that the Company has no current ability to direct the relevant activities of CREATIVE SENSOR INC., the Company has no control, but only has significant influence, over the investee.

ii. Tien Da Investment Co., Ltd.

(i) Balance sheet

	Tien Da Investment Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$ 79,565	\$ 41,252
Non-current assets	734,528	712,352
Current liabilities	(3,465)	(2,274)
Total net assets	<u>\$ 810,628</u>	<u>\$ 751,330</u>
Carrying amount of the associate	<u>\$ 191,214</u>	<u>\$ 176,289</u>

(ii) Statement of comprehensive income

	Tien Da Investment Co., Ltd.	
	Years ended December 31,	
	2023	2022
Revenue	\$ 42,167	\$ 31,726
Profit for the year from continuing operations	\$ 36,492	\$ 26,543
Other comprehensive income, net of tax	44,256	27,848
Total comprehensive income	\$ 80,748	\$ 54,391
Dividends received from associates	\$ 5,400	\$ -

(iii) The Company's material associate, Tien Da Investment Co., Ltd., has no quoted market prices. Accordingly, there are no fair value information.

- I. The Company's associate accounted for using equity method were not material to the financial statements based on the Company's individual assessment. As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to \$69,808 and \$67,313, respectively. The Company's share of the operating results are summarised below:

	Years ended December 31,	
	2023	2022
Profit (loss) for the year from continuing operations	\$ 451	(\$ 1,717)
Total comprehensive income (loss)	\$ 451	(\$ 1,717)

- J. The Company has no investments accounted for under the equity method pledged to others.

(7) Property, plant and equipment

		2023							
		Mold equipment	Machinery and equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	
		Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Total
At January 1									
Cost	\$	4,697	\$ 2,050	\$ 21,856	\$ 1,545	\$ 36,012	\$ 14,067	\$ 22,507	\$ 102,734
Accumulated depreciation and impairment	(	2,733)	(379)	(17,684)	(909)	(31,616)	(12,345)	(18,773)	(84,439)
	\$	<u>1,964</u>	\$ <u>1,671</u>	\$ <u>4,172</u>	\$ <u>636</u>	\$ <u>4,396</u>	\$ <u>1,722</u>	\$ <u>3,734</u>	\$ <u>18,295</u>
Opening net book amount as at January 1	\$	1,964	\$ 1,671	\$ 4,172	\$ 636	\$ 4,396	\$ 1,722	\$ 3,734	\$ 18,295
Additions	-	-	-	527	-	3,160	-	789	4,476
Depreciation charge	(	777)	(256)	(1,539)	(108)	(2,102)	(1,378)	(1,776)	(7,936)
Reclassifications for the period (Note)		<u>374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414</u>	<u>-</u>	<u>-</u>	<u>788</u>
Closing net book amount as at December 31	\$	<u>1,561</u>	\$ <u>1,415</u>	\$ <u>3,160</u>	\$ <u>528</u>	\$ <u>5,868</u>	\$ <u>344</u>	\$ <u>2,747</u>	\$ <u>15,623</u>
<u>At December 31</u>									
Cost	\$	5,072	\$ 2,050	\$ 21,477	\$ 1,545	\$ 39,291	\$ 14,067	\$ 23,185	\$ 106,687
Accumulated depreciation and impairment	(	3,511)	(635)	(18,317)	(1,017)	(33,423)	(13,723)	(20,438)	(91,064)
	\$	<u>1,561</u>	\$ <u>1,415</u>	\$ <u>3,160</u>	\$ <u>528</u>	\$ <u>5,868</u>	\$ <u>344</u>	\$ <u>2,747</u>	\$ <u>15,623</u>

		2022							
		Mold equipment	Machinery and equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	
		Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Total
At January 1									
Cost	\$	2,932	\$ 2,050	\$ 17,606	\$ 900	\$ 34,836	\$ 14,066	\$ 22,174	\$ 94,564
Accumulated depreciation and impairment	(	2,932)	(123)	(16,480)	(900)	(30,847)	(10,821)	(15,901)	(78,004)
	\$	-	\$ 1,927	\$ 1,126	\$ -	\$ 3,989	\$ 3,245	\$ 6,273	\$ 16,560
Opening net book amount as at January 1		\$ -	\$ 1,927	\$ 1,126	\$ -	\$ 3,989	\$ 3,245	\$ 6,273	\$ 16,560
Additions		2,209	-	2,975	645	1,663	-	416	7,908
Depreciation charge	(	245)	(256)	(1,204)	(9)	(1,256)	(1,523)	(2,955)	(7,448)
Reclassifications for the period (Note)		-	-	1,275	-	-	-	-	1,275
Closing net book amount as at December 31		\$ 1,964	\$ 1,671	\$ 4,172	\$ 636	\$ 4,396	\$ 1,722	\$ 3,734	\$ 18,295
<u>At December 31</u>									
Cost	\$	4,697	\$ 2,050	\$ 21,856	\$ 1,545	\$ 36,012	\$ 14,067	\$ 22,507	\$ 102,734
Accumulated depreciation and impairment	(	2,733)	(379)	(17,684)	(909)	(31,616)	(12,345)	(18,773)	(84,439)
	\$	1,964	\$ 1,671	\$ 4,172	\$ 636	\$ 4,396	\$ 1,722	\$ 3,734	\$ 18,295

Note: Reclassifications for the period were transferred from prepayments for business facilities.

Abovementioned property, plant and equipment were neither pledged nor collateralised and no interest was capitalised.

(8) Leasing arrangements-lessee

A. The Company leases various assets including plants, offices and business vehicles. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used for borrowing, subleasing and tenancy disposal right or another way for others using it.

B. The movements of right-of-use assets of the Company are as follows:

	2023		
	Buildings	Business vehicles	Total
Opening net book amount as at January 1	\$ 36,340	\$ 3,213	\$ 39,553
Additions	711	742	1,453
Early termination of lease contract	(4,476)	(189)	(4,665)
Depreciation charge	(15,640)	(1,929)	(17,569)
Closing net book amount as at December 31	<u>\$ 16,935</u>	<u>\$ 1,837</u>	<u>\$ 18,772</u>
	2022		
	Buildings	Business vehicles	Total
Opening net book amount as at January 1	\$ 32,453	\$ 2,146	\$ 34,599
Additions	19,647	3,316	22,963
Early termination of lease contract	(839)	(44)	(883)
Depreciation charge	(14,921)	(2,205)	(17,126)
Closing net book amount as at December 31	<u>\$ 36,340</u>	<u>\$ 3,213</u>	<u>\$ 39,553</u>

C. The information on income and expense accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 343	\$ 394
Expense on short-term lease contracts	1,196	1,825
Gain on lease modification	(160)	(33)
	<u>\$ 1,379</u>	<u>\$ 2,186</u>

D. For the years ended December 31, 2023 and 2022, apart from cash outflow for interest expense on lease liabilities and expense on short-term lease contracts mentioned in Note 6(8)C., the Company's total cash outflow for repayments of the principal portion of lease liabilities is mentioned in Note 6(24).

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 198,000	1.80%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	\$ 297,000	1.775%~1.78%	None

For the details of interest expense recognised in profit or loss, please refer to Note 6(18).

(10) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	\$ 53,137	\$ 52,480
Service charge payable	12,292	12,897
Employees' compensation and directors' remuneration payable	613	15,281
Insurance payable	2,405	2,065
Research and development expense payable	1,207	2,187
Others payables	21,483	22,213
	<u>\$ 91,137</u>	<u>\$ 107,123</u>

(11) Pensions

A. Defined benefit pension plans

- (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make

contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	(\$ 30,328)	(\$ 37,843)
Fair value of plan assets	<u>25,026</u>	<u>31,103</u>
Net defined benefit liability (Shown as other non-current liabilities)	(\$ <u>5,302</u>)	(\$ <u>6,740</u>)

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Year ended December 31, 2023			
Balance at January 1	(\$ 37,844)	\$ 31,104	(\$ 6,740)
Current service cost	(147)	-	(147)
Past service cost	229	-	229
Interest (expense) income	(485)	<u>410</u>	(75)
	<u>(38,247)</u>	<u>31,514</u>	<u>(6,733)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	227	227
Change in demographic assumptions	(16)	-	(16)
Change in financial assumptions	(156)	-	(156)
Experience adjustments	(723)	-	(723)
	<u>(895)</u>	<u>227</u>	<u>(668)</u>
Pension fund contribution	-	2,099	2,099
Paid pension	<u>8,814</u>	(8,814)	-
Balance at December 31	(\$ <u>30,328</u>)	\$ <u>25,026</u>	(\$ <u>5,302</u>)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	(\$ 41,204)	\$ 27,375	(\$ 13,829)
Current service cost	(182)	-	(182)
Interest (expense) income	(286)	196	(90)
	(41,672)	27,571	(14,101)

Remeasurements:

Return on plan assets (excluding amounts included in interest income or expense)	-	2,317	2,317
Change in demographic assumptions	(22)	-	(22)
Change in financial assumptions	2,539	-	2,539
Experience adjustments	394	-	394
	2,911	2,317	5,228
Pension fund contribution	-	2,133	2,133
Paid pension	917	(917)	-
Balance at December 31	(\$ 37,844)	\$ 31,104	(\$ 6,740)

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

- (e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.25%	1.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with future mortality rate estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	(\$ 764)	\$ 792	\$ 784	(\$ 761)
December 31, 2022				
Effect on present value of defined benefit obligation	(\$ 995)	\$ 1,032	\$ 1,022	(\$ 991)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$1,459.
- (g) As of December 31, 2023, the weighted average duration of that retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	\$ 748
1-2 year(s)	924
2-5 years	5,366
Over 5 years	27,251
	<u>\$ 34,289</u>

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s consolidated subsidiaries, Atlas, AIO and ISI do not have employee retirement plans and there is no requirement according to local regulations. TECO Image

Systems (Suzhou) Co., Ltd., Teco Image Systems (DongGuan) Co., Ltd. and Teco Pro-Systems (JiangXi) Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with local regulations are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Company has no further obligations.

- (c) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022, were \$5,200 and \$5,374, respectively.

(12) Provisions

	2023	2022
At January 1	\$ 23,041	\$ 23,166
Additional provisions	-	2
Used during the year	(895)	(127)
At December 31	<u>\$ 22,146</u>	<u>\$ 23,041</u>

Analysis of total provisions:

	December 31, 2023	December 31, 2022
Current-product warranty	<u>\$ 22,146</u>	<u>\$ 23,041</u>

The Company provides warranties on multi-function printers sold. Provision for product warranty is estimated based on history warranty data of multi-function printers. It is expected that provision for product warranty will be used in the following years.

(13) Share capital

- A. As of December 31, 2023, the Company's authorised capital was \$2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was \$1,125,365 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. For the years ended December 31, 2023 and 2022, the number of ordinary shares outstanding at the beginning of the period was consistent with the number at the end of the period which amounted to 112,536,565 shares.
- C. On December 31, 2023 and 2022, the Company's associate, CREATIVE SENSOR INC, held 33,408,000 shares of the Company.

(14) Retained earnings / Events after the balance sheet date

- A. Earnings allocation under the Company's Articles of Incorporation

- (a) According to the amended Articles of Incorporation adopted by the shareholders' meeting on June 17, 2022:

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order: (i) Pay all taxes; (ii) Offset prior years' losses; (iii) Set aside 10% as legal reserve, except when the statutory surplus reserve has reached the total capital of the company ; (iv) Set aside special reserve in accordance with the regulations or resolutions approved by the competent authority or the shareholders; and (v) The remainder along with the beginning unappropriated earnings and reversal of special reserve is the

shareholders' accumulated distributable earnings. All or part of dividends and bonuses are paid in cash, the board of directors may be authorized to do so with the attendance of more than two-thirds of the directors and with the consent of a majority of the directors present and reported to the shareholders' meeting.

In principle, earnings distribution is based on the current year's after-tax net profit, but considering the principle of dividend balance, if the current year's after-tax net profit is insufficient for distribution, the undistributed surplus of previous years may be used for distribution.

Considering the needs of future business expansion and cash flow, the Company will distribute earnings in the form of cash dividends or stock dividends, of which cash dividends shall not be less than 5% of the total dividends.

- (b) Before the amended Articles of Incorporation adopted by the shareholders' meeting on June 17, 2022:

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order: (i) Pay all taxes; (ii) Offset prior years' losses; (iii) Set aside 10% as legal reserve, except when the statutory surplus reserve has reached the total capital of the company ; (iv) Set aside special reserve in accordance with the regulations or resolutions approved by the competent authority or the shareholders; and (v) The remainder along with the beginning unappropriated earnings and reversal of special reserve is the shareholders' accumulated distributable earnings. The appropriation of the accumulated distributable earnings shall be proposed by the Board of Directors and resolved by the shareholders as the shareholders' bonus.

In principle, earnings distribution is based on the current year's after-tax net profit, but considering the principle of dividend balance, if the current year's after-tax net profit is insufficient for distribution, the undistributed surplus of previous years may be used for distribution.

Considering the needs of future business expansion and cash flow, the Company will distribute earnings in the form of cash dividends or stock dividends, of which cash dividends shall not be less than 5% of the total dividends.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. Appropriation of the Company's earnings is as follows:

(a) Details of appropriation of 2022 and 2021 earnings as resolved by the shareholders on June 15, 2023 and June 17, 2022, respectively, are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 9,505		\$ 45,568	
Special reserve appropriated	60,406		-	
Cash dividends	57,394	0.51	46,140	0.41
	<u>\$ 127,305</u>		<u>\$ 91,708</u>	

(b) Details of appropriation of 2023 earnings as resolved by the Board of Directors on March 5, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	\$ 17,021	
Reversal of special reserve appropriated	(60,406)	
Cash dividends	56,268	0.50
	<u>\$ 12,883</u>	

(15) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

	Revenue from sale of multi-function printer		Other sales		Total
	Mainland China and Hong Kong	Others	Mainland China and Hong Kong	Others	
<u>Year ended December 31,</u> <u>2023</u>					
Revenue from customer contracts	<u>\$ 928,977</u>	<u>\$ 57,370</u>	<u>\$ -</u>	<u>\$ 208,548</u>	<u>\$ 1,194,895</u>
	Revenue from sale of multi-function printer		Other sales		Total
	Mainland China and Hong Kong	Others	Mainland China and Hong Kong	Others	
<u>Year ended December 31,</u> <u>2022</u>					
Revenue from customer contracts	<u>\$ 1,392,344</u>	<u>\$ 50,081</u>	<u>\$ 20,218</u>	<u>\$ 255,379</u>	<u>\$ 1,718,022</u>

B. Contract liabilities

(a) The Company has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities-sales revenue and other sales	\$ 21,682	\$ 21,883	\$ 25,652

(b) For the years ended December 31, 2023 and 2022, revenue recognised that was included in the contract liability balance at the beginning of the year was \$131 and \$7,072, respectively.

(16) Other income

	Years ended December 31,	
	2023	2022
Dividend income	\$ 40,148	\$ 45,865
Others	10,623	4,939
	<u>\$ 50,771</u>	<u>\$ 50,804</u>

(17) Other gains and losses

	Years ended December 31,	
	2023	2022
Net losses on financial assets/liabilities at fair value through profit or loss	(\$ 11,966)	(\$ 31,589)
Net currency exchange loss or gain	2,891	38,483
Gain from lease modification	160	33
Others	(802)	(252)
	<u>(\$ 9,717)</u>	<u>\$ 6,675</u>

(18) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 4,485	\$ 6,107
Lease liabilities	343	394
	<u>\$ 4,828</u>	<u>\$ 6,501</u>

(19) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expenses	\$ 179,820	\$ 190,465
Depreciation charges on property, plant, equipment and right-of-use assets	\$ 25,505	\$ 24,574
Amortisation charges on intangible assets	<u>\$ 3,104</u>	<u>\$ 2,508</u>

(20) Employee benefit expenses

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 146,476	\$ 150,995
Labour and health insurance fees	11,015	12,501
Pension costs	5,193	5,646
Directors' remuneration	9,422	12,704
Others	7,714	8,619
	<u>\$ 179,820</u>	<u>\$ 190,465</u>

A. In accordance with the Articles of Incorporation of the Company, in order to motivate employees and the management team, if the company has a profit in the current year, the profit before the distribution of employee remuneration and directors' remuneration shall be deducted from the pre-tax profit of the current year and retained to make up for the accumulated loss. The balance should be allocated to the staff compensation range ratio of 5% to 15% and the director compensation ratio should not be higher than 5%. Employee remuneration, the actual distribution ratio of director and supervisor remuneration, and employee remuneration shall be in stock or cash, which shall be implemented by the board of directors with the presence of more than two-thirds of the directors and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting. Employee remuneration is issued in stock or cash to employees of subordinate companies who meet certain conditions.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$401 and \$7,112, respectively; while directors' remuneration was accrued at \$212 and \$3,759, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 7% and 3.7% of distributable profit of current year as of the end of reporting period.

On March 17, 2023, employees' compensation and directors' remuneration for 2022 amounting to \$7,112 and \$3,759, respectively, as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 financial statements. As of December 31, 2023, employees' compensation and supervisors' remuneration had been distributed in the amounts of \$7,112 and \$3,759, respectively.

C. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax (benefit) expense

(a) Components of income tax (benefit) expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current income tax assets	(\$ 338)	\$ -
Current income tax liabilities	-	19,357
Withholding and provisional tax	338	90
Offshore income tax expense	5,321	4,070
Tax on undistributed surplus earnings	-	(19,447)
Current tax on profits for the year	5,321	4,070
Prior year income tax (over) estimation	(4,019)	1,036
Total current tax	1,302	5,106
Deferred tax:		
Origination and reversal of temporary differences	(3,297)	1,786
Others:		
Tax on undistributed surplus earnings	-	19,447
	-	19,447
Income tax (benefit) expense	(\$ 1,995)	\$ 26,339

(b) The Company did not have income tax charged/(credited) to equity. The income tax expense (profit) relating to components of other comprehensive income (loss) is as follows:

	Years ended December 31,	
	2023	2022
Remasurements of defined benefit obligations	(\$ 134)	\$ 1,047

B. Reconciliation between income tax (benefit) expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 1,025	\$ 18,145
Domestic dividend revenue exempted from tax	(8,030)	(9,173)
Non-deductible taxable losses caused by income from domestic tax-free dividends	8,030	6,138
Unrecognised deferred tax assets arising from taxable loss	2,753	-
Unrecognised deferred tax assets arising from loss on investments abroad	8,465	6,531
Unrecognised deferred tax liabilities arising from gain on domestic investments	(12,442)	(18,481)
Prior year income tax overestimation	(4,019)	1,036
Tax on undistributed earnings	-	19,447
Payable fees payment (unpaid) amount	(3,698)	(2,002)
Effect of other adjustments	5,921	4,698
Income tax (benefit) expense	<u>(\$ 1,995)</u>	<u>\$ 26,339</u>

C. Amounts of deferred tax assets as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023			
	Recognised in		Recognised in	
	January 1	in profit or loss	other comprehensive (loss) income	December 31
Deferred tax assets:				
Temporary differences:				
Loss for market value decline and obsolete and slow-moving inventories	\$ 4,084	\$ 572	\$ -	\$ 4,656
After-sales service guarantee expense	4,608	(179)	-	4,429
Unpaid expenses	3,015	1,357	-	4,372
Unused compensated absences payable	181	(21)	-	160
Pension payable	302	758	134	1,194
Unrealised exchange losses	327	810	-	1,137
Total	<u>\$ 12,517</u>	<u>\$ 3,297</u>	<u>\$ 134</u>	<u>\$ 15,948</u>

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive (loss) income	December 31
Deferred tax assets:				
Temporary differences:				
Loss for market value decline and obsolete and slow-moving inventories	\$ 3,907	\$ 177	\$ -	\$ 4,084
After-sales service guarantee expense	4,633	(25)	-	4,608
Unpaid expenses	1,286	1,729	-	3,015
Unused compensated absences payable	182	(1)	-	181
Pension payable	2,766	(1,417)	(1,047)	302
Unrealised exchange losses	2,576	(2,249)	-	327
Total	<u>\$ 15,350</u>	<u>(\$ 1,786)</u>	<u>(\$ 1,047)</u>	<u>\$ 12,517</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
112	<u>\$ 13,772</u>	<u>\$ 13,772</u>	<u>\$ 13,772</u>	122

December 31, 2022:None.

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Share of profit (loss) of foreign subsidiaries for using equity method	<u>\$ 162,659</u>	<u>\$ 120,336</u>

F. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(22) Earnings per share

The Company and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method. The Company adopted the treasury stock method for the investment in CREATIVE SENSOR INC., and the shares of the Company held by CREATIVE SENSOR INC. should be treated as treasury stocks and be deducted when calculating earnings per share.

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders (Note 1)	\$ 7,118	79,129	0.09
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 7,118	79,129	
Assumed conversion of all dilutive potential ordinary shares -Employees' compensation	-	24	
Profit attributable to ordinary shareholders (Note 2)	\$ 7,118	79,153	0.09

Note 1: The weighted average number of ordinary shares outstanding was 112,537 thousand shares and the basic earnings per share was \$0.06 (in dollars) without considering that the Company and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method.

Note 2: The weighted average number of ordinary shares outstanding was 112,561 thousand shares and the diluted earnings per share was \$0.06(in dollars) without considering that the Company and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method.

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders (Note 1)	\$ 64,384	79,129	0.81
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 64,384	79,129	
Assumed conversion of all dilutive potential ordinary shares -Employees' compensation	-	422	
Profit attributable to ordinary shareholders (Note 2)	\$ 64,384	79,551	0.81

Note 1: The weighted average number of ordinary shares outstanding was 112,537 thousand shares and the basic earnings per share was \$0.57 (in dollars) without considering that the Company and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method.

Note 2: The weighted average number of ordinary shares outstanding was 112,959 thousand shares and the diluted earnings per share was \$0.57 (in dollars) without considering that the Company and CREATIVE SENSOR INC. are mutual holdings and accounted for under the equity method.

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 4,476	\$ 7,908
Add: Opening balance of payable on equipment	645	88
Less: Ending balance of payable on equipment	(775)	(645)
Cash paid during the year	\$ 4,346	\$ 7,351

(24) Changes in liabilities from financing activities

	Short-term borrowings	Dividend payable (Shown in other payables)	Lease liabilities
At January 1, 2023	\$ 297,000	\$ -	\$ 39,843
Declaration of dividend	-	57,394	-
Cash dividends paid	-	(57,394)	-
Proceeds from debt	548,000	-	-
Repayments of debt	(647,000)	-	-
Increase in lease liabilities	-	-	1,453
Early termination of lease contract	-	-	(4,825)
Repayment of the principal portion	-	-	(17,412)
Transferred to other payables	-	-	(139)
At December 31, 2023	<u>\$ 198,000</u>	<u>\$ -</u>	<u>\$ 18,920</u>

	Short-term borrowings	Dividend payable (Shown in other payables)	Lease liabilities
At January 1, 2022	\$ 297,000	\$ -	\$ 34,673
Declaration of dividend	-	46,140	-
Cash dividends paid	-	(46,140)	-
Proceeds from debt	1,597,000	-	-
Repayments of debt	(1,597,000)	-	-
Increase in lease liabilities	-	-	22,963
Early termination of lease contract	-	-	(916)
Repayment of the principal portion	-	-	(16,555)
Transferred to other payables	-	-	(322)
At December 31, 2022	<u>\$ 297,000</u>	<u>\$ -</u>	<u>\$ 39,843</u>

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7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Teco Image Systems (DongGuan) Co.,Ltd.	Indirect subsidiary wholly owned by the Company
Teco Pro-Systems(JiangXi) Co.,Ltd.	Indirect subsidiary wholly owned by the Company
Atlas Tech Investment Co.,Ltd.	Subsidiary wholly owned by the Company
All-In-One International Co.,Ltd.	Indirect subsidiary wholly owned by the Company
Image Systems International Limited	Indirect subsidiary wholly owned by the Company
SOLMAX POWER TAIWAN LIMITED	Associates
Tien Da Investment Co., Ltd.	Associates
CREATIVE SENSOR INC.	Associates
ProMOS TECHNOLOGIES INC.	The director of the securities holding company is the Company's vice chairman
Darhe II Venture	The Company is a corporate director of this company
KORYO ELECTRONICS CO., LTD.	The Company is a corporate director of this company
TECO ELECTRIC & MACHINERY CO., LTD.	This company's director is the Company's associates
YURYO Co., Ltd.	This company is a wholly-owned subsidiary held by KORYO ELECTRONICS CO., LTD.
TAIWAN PELICAN EXPRESS CO., LTD.	This company's director and the Company's chairman are within first degree of kinship
Tong An Assets Management & Development Co., Ltd.	The chairman of the securities holding company and the Company's chairman are within first degree of kinship
ROYAL HOST TAIWAN CO., LTD.	The chairman of the securities holding company and the Company's chairman are within first degree of kinship
AN-SHIN FOOD SERVICES CO., LTD.	This company's director and the Company's chairman are within first degree of kinship
Mingxiang Culture Co., Ltd.	This company's director is the Company's vice chairman
All directors, president and key management	The Company's key management and governing body

(2) Significant related party transactions and balances

A. Sales

The amount of sales transactions between the Company and the related parties are not disclosed since it is not significant and did not reach \$3,000.

B. Processing and purchases

(a) Processing and purchases

The details of processing expenses paid to related parties and purchases from the related parties are as follows:

	Years ended December 31,	
	2023	2022
Second-tier subsidiary-Teco Image Systems (DongGuan) Co., Ltd.	\$ 604,287	\$ 832,322
Other related parties	11,926	19,241
	<u>\$ 616,213</u>	<u>\$ 851,563</u>

Goods are purchased from associates on normal commercial terms and conditions. The terms are approximately the same as those to third-party suppliers which is from 30 days after the purchase to 105 days after monthly billing while to related parties is 45 days to 105 days after monthly billing.

(b) Payables

The payables from processing and purchasing with the related parties are as follows:

	December 31, 2023	December 31, 2022
Second-tier subsidiary-Teco Image Systems (DongGuan) Co., Ltd.	\$ 43,629	\$ 88,331
Other related parties	3,269	5,684
	<u>\$ 46,898</u>	<u>\$ 94,015</u>

C. Leasing arrangements-lessee

(a) Lease liabilities/Other payables/Finance costs

i. The Company's lease liabilities generated from lease transactions:

	December 31, 2023	December 31, 2022
Tong An Assets Management & Development Co., Ltd.	\$ 7,349	\$ 17,061
Other related parties	-	322
	<u>\$ 7,349</u>	<u>\$ 17,383</u>

ii. The Company's interest expense generated from lease transactions:

	Years ended December 31,	
	2023	2022
Tong An Assets Management & Development Co., Ltd.	\$ 119	\$ 216
Other related parties	1	6
	<u>\$ 120</u>	<u>\$ 222</u>

D. Transaction of payment on behalf of others / Other payables

The amounts of advance money (shown as other payables) in relation to other transactions from the entities with the related parties are as follows:

	December 31, 2023	December 31, 2022
Second-tier subsidiary-Teco Image Systems (DongGuan) Co., Ltd.	\$ 2,791	\$ 640
Entities with significant influence to the Company	43	22
Other related parties	1,561	2,130
	<u>\$ 4,395</u>	<u>\$ 2,792</u>

F. Transaction of investment

(a) Other income-dividend income

Other income-dividend income arising from investment in associates is as follows:

	Years ended December 31,	
	2023	2022
Darhe II Venture	-	4,175
TECO ELECTRIC & MACHINERY CO., LTD.	15,575	23,049
KORYO ELECTRONICS CO., LTD.	21,987	17,989
Other related parties	2,072	590
	<u>\$ 39,634</u>	<u>\$ 45,803</u>

(b) Investments accounted for using the equity method

i. Dividend income arising from investment in associates (shown as deduction of investment-accounted for using the equity method) is as follows:

	Years ended December 31,	
	2023	2022
Tien Da Investment Co., Ltd.	\$ 54,284	\$ 37,246
CREATIVE SENSOR INC.	5,400	-
	<u>\$ 59,684</u>	<u>\$ 37,246</u>

ii. Return of remaining capital arising from the deregistration of Teco Image Systems (Suzhou) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary (shown as deduction of investment accounted for using the equity method) is as follows:

	Years ended December 31,	
	2023	2022
Atlas Tech Investment Co.,Ltd.	\$ 7,671	\$ -

(c) Other receivables

As of December 31, 2023 and 2022, there were no other receivables arising from aforementioned transactions.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 33,946	\$ 30,322
Post-employment benefits	599	506
	<u>\$ 34,545</u>	<u>\$ 30,828</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A. Significant contingent liabilities

None.

B. Significant unrecognised contract commitments

(1) As of December 31, 2023 and 2022, the amounts of the promissory notes issued by the Company for borrowings were both \$580,152.

(2) The Company is required to purchase goods and is guaranteed by the bank for customs duties. As of December 31, 2023 and 2022, the amount was both \$1,500.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details of the appropriation of 2023 retained earnings as resolved by the Board of Directors on March 5, 2024 are provided in Note 6(14).

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the debt to assets ratio. This ratio is calculated as total debt divided by total assets.

During 2023, the Company's strategy was unchanged from 2022. As of December 31, 2023 and 2022, the Company's debt to assets ratio were provided in parent company only balance sheets.

(2) Financial risk of financial instruments

A. Financial instruments by category

The Company's financial assets (including cash and cash equivalents, financial assets at fair value through profit or loss-current, accounts receivable (including related parties), other receivables (including related parties), financial assets at fair value through other comprehensive income-non-current and refundable deposits) and financial liabilities (including short-term borrowings, accounts payable (including related parties), other payables and lease liabilities (current/non-current)) are provided in parent company only balance sheets and Note 6.

B. Risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries denominated in various functional currencies, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. Management has set up a policy to require Company entities to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Cross currency swap are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

- iii. The Company hedges foreign exchange rate by using cross currency swap. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).
- iv. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	19,090	30.7050	\$ 586,158
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	9,866	30.7050	302,936
December 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	22,023	30.7100	\$ 676,326
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	12,009	30.7100	368,796

- v. Total exchange gain (loss), including realised and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 are shown in Note 6(17).

- vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income (loss)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 5,862	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(3,029)	-
Year ended December 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income (loss)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 6,763	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(3,688)	-

Price risk

- The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- Shares and beneficiary certificates issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities and beneficiary certificates had increased/decreased by 1% with all other variables held constant, other components of

equity would have increased/decreased by \$7,446 and \$7,070 respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions at specified intervals to verify that the maximum loss potential is within the limit given by the management.
- ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, pre-tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,980 and \$2,970, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit rating of customer, credit risk on trade and customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue

executing the recourse procedures to secure their rights.

- vii. Customers that are grouped as good customers have no significant default record in recent years. However, in accordance with IFRS 9, when measuring expected credit loss, the possibility of default should be taken into consideration even when the possibility of credit loss is remote.

The Company estimated forecast index before adjustment by the default rate in the past years using each parent company only entity as a unit. The Company considered that in the financial industry, the default rate should not be lower than 0.03% for numerous and unidentifiable individual investors. However, in accordance with the policy, the Company traces the credit risk of customers at any time, the Company refers to the reference rate set by the financial industry as a basis of forecast adjustment, and adjusts the expected loss rate referring to monitoring indicator and the nature of risk. The loss rate methodology is as follows:

	Without past due	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
At December 31, 2023						
Expected loss rate	0.050%	0.053%	0.056%	0.065%	100%	
Total book value	<u>\$ 232,288</u>	<u>\$ 11,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,160</u>
Loss allowance	<u>\$ 121</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127</u>
	Without past due	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
At December 31, 2022						
Expected loss rate	0.050%	0.053%	0.056%	0.065%	100%	
Total book value	<u>\$ 308,875</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,882</u>
Loss allowance	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158</u>

The above ageing analysis was based on past due date.

- viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 158	\$ -	\$ 158
Provision of expected credit gain (	(31)	-	(31)
At December 31	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ 127</u>

	2022		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 199	\$ -	\$ 199
Provision of expected credit gain	(41)	-	(41)
At December 31	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ 158</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in each unit of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. Surplus cash held by each unit over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities.
- iii. The Company has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate		
Expiring within one year	<u>\$ 302,000</u>	<u>\$ 203,000</u>

- iv. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings except for the table below they are all financial liabilities due for repayment within one year. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2023</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>				
Lease liabilities-current/non-current	\$ 4,178	\$ 8,697	\$ 7,202	\$ 20,077
<u>December 31, 2022</u>	<u>Less than 3 months</u>	<u>Between 3 months and 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
<u>Non-derivative financial liabilities</u>				
Lease liabilities-current/non-current	\$ 4,737	\$ 13,939	\$ 21,850	\$ 40,526

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, other receivables-related parties, guarantee deposits paid, short-term borrowings, accounts payable, accounts payable-related parties, other payables and lease liabilities (current/non-current) are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity Securities	<u>\$ 593,036</u>	<u>\$ 143,515</u>	<u>\$ 8,000</u>	<u>\$ 744,551</u>
Financial assets at fair value through profit or loss				
- Non-hedging derivatives	<u>\$ -</u>	<u>\$ 7,145</u>	<u>\$ -</u>	<u>\$ 7,145</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
- Equity Securities	<u>\$ 593,954</u>	<u>\$ 105,010</u>	<u>\$ 8,000</u>	<u>\$ 706,964</u>
Financial assets at fair value through profit or loss				
- Non-hedging derivatives	<u>\$ -</u>	<u>\$ 616</u>	<u>\$ -</u>	<u>\$ 616</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:
 - (i) The fair value of listed shares is the closing price at the balance sheet date.
 - ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments.
 - iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - iv. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1 (At December 31)	\$ 8,000	\$ 8,000

- F. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.
- G. Financial function is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other sources and represented as the exercisable price.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

<u>December 31, 2023</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 8,000	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

<u>December 31, 2022</u>	<u>Fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:					
Unlisted shares	\$ 8,000	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For the years ended December 31, 2023 and 2022, there was no significant effect on other comprehensive income categorised within Level 3 if the net assets had increased/decreased by 0.1%.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 7.

Item	Description	Amount
Cash on hand		\$ 766
Cash in banks		
Demand deposits - NTD		388,473
Demand deposits - foreign currencies	USD 3,589,224 ; conversion rate 30.705	110,207
	Others	326
		<u>\$ 499,772</u>

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Client Name	Description	Amount	Note
General customers -			
Client B		\$ 181,599	
Client T		20,008	
Client W		12,513	
Client M		13,882	
Others	None of the balances of each remaining client greater than 5% of this	<u>16,158</u>	
		244,160	
Less: Allowance for uncollectible accounts		(127)	
		<u>\$ 244,033</u>	

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Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$ 124,971	\$ 107,739	Net realisable value is the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale.
Work in progress		1,670	2,016	
Finished goods		1,230	-	
Merchandise		2,241	-	
Inventory in transit		<u>1,339</u>	<u>1,339</u>	
		131,451	<u>\$ 111,094</u>	
Less: Allowance to reduce inventory to market	(	<u>23,276)</u>		
		<u>\$ 108,175</u>		

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Name	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
KORYO ELECTRONICS CO., LTD	9,994,000	\$ 306,917	-	\$ -	-	\$ -	9,994,000	\$ 306,917	None	None
Add (less): Valuation adjustment of financial assets at fair value through other comprehensive income		(13,094)		-		(999)		(14,093)		
		<u>293,823</u>		-		(999)		<u>292,824</u>		
TECO ELECTRIC & MACHINERY CO., LTD.	10,383,000	254,955	-	-	4,215,000	(103,478)	6,168,000	\$ 151,477	None	None
Add (less): Valuation adjustment of financial assets at fair value through other comprehensive income		<u>31,097</u>		<u>210,065</u>		(103,976)		<u>137,186</u>		
		<u>286,052</u>		<u>210,065</u>		(207,454)		<u>288,663</u>		
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	159,335	4,550	-	-	-	-	159,335	\$ 4,550	None	None
Add (less): Valuation adjustment of financial assets at fair value through other comprehensive income		(4,550)		-		-		(4,550)		
		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		
KROM ELETRONICS CO., LTD.	622,408	20,000	-	-	-	-	622,408	\$ 20,000	None	None
Add (less): Valuation adjustment of financial assets at fair value through other comprehensive income		(12,000)		-		-		(12,000)		
		<u>8,000</u>		<u>-</u>		<u>-</u>		<u>8,000</u>		
Convergence Tech Venture II Ltd.	420,000	4,117	-	-	-	-	420,000	\$ 4,117	None	None
Add (less): Valuation adjustment of financial assets at fair value through other comprehensive income		(4,117)		-		-		(4,117)		
		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		
TAIWAN PELICAN EXPRESS CO., LTD	281,000	8,050	-	-	-	-	281,000	\$ 8,050	None	None
Add (less): Valuation adjustment of financial assets at fair value through other comprehensive income		<u>6,029</u>		<u>-</u>		(2,530)		<u>3,499</u>		
		<u>14,079</u>		<u>-</u>		(2,530)		<u>11,549</u>		

Name	Beginning Balance		Addition		Decrease		Ending balance		Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value		
ProMOS TECHNOLOGIES INC.	5,500,000	\$ 67,650	-	\$ -	-	\$ -	5,500,000	\$ 67,650	None	None
Add (less): Valuation adjustment of financial assets at fair value through other comprehensive income		(8,360)		38,280		-		29,920		
		<u>59,290</u>		<u>38,280</u>		<u>-</u>		<u>97,570</u>		
Darbe II Venture	5,000,000	50,000	-	-	-	-	5,000,000	\$ 50,000	None	None
Add (less): Valuation adjustment of financial assets at fair value through other comprehensive income		(4,280)		225		-		(4,055)		
		<u>45,720</u>		<u>225</u>		<u>-</u>		<u>45,945</u>		
Total		<u>\$ 706,964</u>		<u>\$ 248,570</u>		<u>(\$ 210,983)</u>		<u>\$ 744,551</u>		

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Name	Beginning Balance		Addition		Investment income (loss)	Other adjustments	Decrease			Ending Balance			Net Equity			
	Shares (in shares)	Amount	Shares (in shares)	Amount			Shares (in shares)	Amount		Shares (in shares)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Collateral	Note
Atlas Tech Investment Co., Ltd.	6,248,313	\$ 75,760	-	\$ -	(\$ 42,323)	\$ -	-	(\$ 7,671)	Note1	6,248,313	0.00%	\$ 25,766	-	\$ 18,132	None	None
Add (less):Financial statements translation differences of foreign operations		(7,161)		-	-	(473)		-				(7,634)				
		<u>68,599</u>		-	(42,323)	(473)		(7,671)				<u>18,132</u>				
SOLMAX POWER TAIWAN LIMITED.	7,000,000	<u>67,313</u>	-	-	<u>451</u>	<u>2,044</u>		-		7,000,000	35.00%	<u>69,808</u>	-	\$ 69,808	None	None
CREATIVE SENSOR INC.	28,906,260	804,569	-	-	52,572	248,875	(54,284)	Note2		28,906,260	20.22%	\$ 1,051,732	-	\$ 1,055,120	None	None
Add (less):Financial statements translation differences of foreign operations		<u>8,754</u>		-	-	(5,366)		-				<u>3,388</u>				
		<u>813,323</u>		-	<u>52,572</u>	<u>243,509</u>		(54,284)				<u>1,055,120</u>				
Tien Da Investment Co., Ltd.	18,000,000	<u>176,289</u>	-	-	<u>9,185</u>	<u>11,140</u>	(5,400)	Note3		18,000,000	25.17%	<u>191,214</u>	-	\$ 191,214	None	None
Total		<u>\$ 1,125,524</u>		<u>\$ -</u>	<u>\$ 19,885</u>	<u>\$ 256,220</u>		<u>(\$ 67,355)</u>				<u>\$ 1,334,274</u>				

Note1: The reduction was caused by receiving proceeds from capital reduction of Atlas Tech Investment Co., Ltd.

Note 2: The reduction was caused by receiving cash dividends from CREATIVE SENSOR INC.

Note 3: The reduction was caused by receiving cash dividends from Tien Da Investment Co., Ltd.

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<u>Nature</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Range of Interest Rate</u>	<u>Credit Line</u>	<u>Collateral</u>	<u>Note</u>
Unsecured borrowings		<u>\$ 198,000</u>	Expiring within one year	1.80%	<u>\$ 500,000</u>	None	

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Supplier Name	Description	Amount	Note
General supplier -			
Supplier A		\$ 23,962	
Supplier C		4,384	
Others	None of the balances of each remaining supplier is greater than 5% of this account balance	35,307	
		<u>63,653</u>	
Related parties:			
Teco Image Systems (DongGuan) Co., Ltd.		43,629	
KORYO ELECTRONIC CO., LTD.		3,269	
		<u>\$ 46,898</u>	
		<u>\$ 110,551</u>	

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Item	Quantity		Amount of	Amount of kit	Amount
	Complete machine	kit	complete machine		
Multifunction printers	65,929	184,839	\$ 795,794	\$ 194,434	\$ 990,228
Others	17,024	296,577	142,666	67,039	209,705
Total operating revenue			<u>\$ 938,460</u>	<u>\$ 261,473</u>	1,199,933
Less: Sales returns, discounts and allowances					(5,038)
Net operating revenue					<u>\$ 1,194,895</u>

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Item	Amount	Note
Beginning raw materials	\$ 172,655	
Beginning inventory in transit	632	
Add: Raw materials purchased for the year	443,419	
Work in progress transferred to semi-finished goods and raw materials	141,773	
Less: Ending raw materials	(124,971)	
Ending inventory in transit	(1,339)	
Semi-finished goods and raw materials transferred to finished goods	(410,643)	
Raw materials reclassified as expenses	(3,820)	
Others	(174)	
Raw materials used for the year	217,532	
Direct labor	6,748	
Manufacturing expense	34,248	
Manufacturing cost	258,528	
Add: Beginning work in progress	4,241	
Outsourcing fees	16,548	
Less: Ending work in progress	(1,670)	
Work in progress transferred to semi-finished goods and raw materials	(141,773)	
Cost of finished goods	135,874	
Add: Finished goods at beginning of year	1,230	
Warehouse entry of finished goods purchased for the year	437,027	
Semi-finished goods and raw materials transferred to finished goods	410,643	
Others	10,202	
Less: Finished goods at end of year	(1,230)	
Finished goods reclassified as expenses	201	
Manufacturing and selling costs	993,947	
Cost of goods sold		
Opening balance of tradable merchandise	2,241	
Less: Ending balance of tradable merchandises	(2,241)	
Cost of purchasing and selling	-	
Other adjustments		
Add: Inventory valuation loss	2,860	
Operating costs	\$ 996,807	

Items	Description	Amount	Note
Salary expenses		\$ 12,146	
Freight		1,942	
Depreciation expense		7,809	
Other expenses	The balance of each expense account has not exceeded 5% of the manufacturing expense	12,351	
		<u>\$ 34,248</u>	

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Item	Description	Amount	Note
Salary expenses		\$ 14,220	
Cost of services		1,612	
Business promotion expenses		1,985	
Freight		4,031	
Other expenses	The balance of each expense account has not exceeded 5% of the selling expense	<u>8,362</u>	
		<u>\$ 30,210</u>	

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Item	Description	Amount	Note
Salary expenses		\$ 62,732	
Cost of services		16,451	
Depreciation expense		9,242	
Data processing fee		7,302	
Other expenses	The balance of each expense account has not exceeded 5% of the administrative expense	30,497	
		<u>\$ 126,224</u>	

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Item	Description	Amount	Note
Salary expenses		\$ 51,068	
Depreciation expense		6,842	
Research and development expenses		5,434	
Other expenses	The balance of each expense account has not exceeded 5% of the research and development expense	32,894	
		<u>\$ 96,238</u>	

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Function Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense						
Salary expenses	\$ 18,456	\$ 128,020	\$ 146,476	\$ 23,610	\$ 127,385	\$ 150,995
Labour and health insurance fees	1,739	9,276	11,015	1,963	10,538	12,501
Pension costs	989	4,204	5,193	1,076	4,570	5,646
Directors' remuneration	-	9,422	9,422	-	12,704	12,704
Other personnel expenses	1,921	5,793	7,714	1,323	7,296	8,619
Depreciation Expense	7,809	17,696	25,505	4,249	20,325	24,574
Amortisation Expense	-	3,104	3,104	-	2,508	2,508

Notes:

1.As at December 31, 2023 and 2022, the Company had 133 and 140 employees,including 10 and 10 non-employee directors, respectively.

2.A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information :

(1) Average employee benefit expense in current year was \$1,385 ((Total employee benefit expense in current year - Total directors' compensation in year) / (Number of employees in current year - Number of non-employee directors in current year)).

Average employee benefit expense in previous year was \$1,367 ((Total employee benefit expense in previous year - Total directors' compensation in previous year) / (Number of employees in previous year - Number of non-employee directors in previous year))

(2) Average employee salaries in current year were \$1,191 thousand (Total employee salaries in current year / (Number of employees in current year - Number of non-employee directors in current year)).

Average employee salaries in previous year was \$1,162 thousand (Total employee salaries in previous year / (Number of employees in previous year - Number of non-employee directors in previous year)).

(3) Adjustment of average employee salaries was 2.50% ((Average employee salaries in current year - Average employee salaries in previous year) / Average employee salaries in previous year).

(4) The Company set audit committee in June 2020.

(5) Descriptions of remuneration policy (including directors, supervisors, managers and employees):

A. Remuneration policy of directors and supervisors: Principles and forms of remuneration distribution comprise remuneration from earnings distribution, service execution fees and rewards.

(a) Remuneration from earnings distribution: Under Article 25 of the Company's Articles of Incorporation, the current year's earnings, before deducting tax and distribution of employees' compensation and directors' and supervisors' remunerations, shall first be reserved certain amounts for offsetting accumulated deficits, then no higher than 5% of the remaining amount shall be set aside as remuneration to directors and supervisors. Remuneration from earnings distribution shall be paid after obtaining approval from the shareholders.

(b) Service execution fees: Service execution fees are determined by the Compensation Committee based on domestic and foreign industry standards and distributed after obtaining approval from the Board of Directors.

(c) Rewards: Rewards of directors and supervisors are paid monthly and determined based on their participation degree, contribution value and responsibility degree, referring to domestic and foreign industry standards. Rewards of directors and supervisors are distributed after obtaining approval from the Board of Directors.

B. Remuneration policy of managers and employees: Managers and employees of the Company are remunerated based on domestic and foreign industry standards and the principle of the correlation and rationality with respect to the individual's performance, the Company's performance and the future operational risks.

(a) Remunerations of managers and employees: remunerations of managers and employees include fixed and variable salaries. Fixed salary is the monthly payment, and variable salary is the year-end bonus, performance bonus, employees' compensation and other substantial incentive measures.

- (b) Salary: Salary is decided based on the Company's compensation administration guidelines and the usual industry standard.
- (c) Employees' compensation: Under Article 25 of the Company's Articles of Incorporation, the current year's earnings, before deducting tax and distribution of employees' compensation and directors' and supervisors' remunerations, shall first be reserved certain amounts for offsetting accumulated deficits, then 5% ~15% of the remaining amount shall be set aside as compensation to employees. Employees' compensation shall be distributed after obtaining approval from the Board of Directors and reporting to the shareholders.

Teco Image Systems Co., Ltd.
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer (Note)	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Teco Image Systems Co., Ltd.	Domestic listed common stock -KORYO ELECTRONICS CO., LTD	(1)	Financial assets at fair value through other comprehensive income - non-current	9,994,000	\$ 292,824	19.29	\$ 292,824	-
"	Domestic listed common stock -TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	6,168,000	288,663	0.50	288,663	-
"	Domestic non-listed common stock -INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	None	"	159,335	-	0.97	-	-
"	Domestic non-listed common stock -KROM ELECTRONICS CO., LTD.	None	"	622,408	8,000	1.86	8,000	-
"	Foreign non-listed common stock -Convergence Tech Venture II Ltd.	None	"	420,000	-	5.71	-	-
"	Domestic non-listed common stock -ProMOS TECHNOLOGIES INC.	(3)	"	5,500,000	97,570	12.22	97,570	-
"	Domestic non-listed common stock -Darbe II Venture	(1)	"	5,000,000	45,945	7.14	45,945	-
"	Domestic listed common stock -TAIWAN PELICAN EXPRESS CO., LTD.	(4)	"	281,000	11,549	0.29	11,549	-
Total					<u>\$ 744,551</u>		<u>\$ 744,551</u>	

Note: Relationship with the securities issuer is as follows:

- (1) The Company is a corporate director of this company.
- (2) This company's corporate director is the Company's associates.
- (3) The director of the securities holding company is the Company's vice chairman.
- (4) This company's director and the Company's chairman are within first degree of kinship.

Teco Image Systems Co., Ltd.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes / accounts receivable (payable)		
Purchaser / seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote
Teco Image Systems Co., Ltd.	Teco Image Systems (DongGuan) Co.,Ltd	Subsidiary	Processing cost	\$ 604,287	53%	60 days after next monthly billings	NA	NA	(\$ 43,629)	(39%)	-
Teco Image Systems (DongGuan) Co., Ltd.	Teco Image Systems Co., Ltd.	Parent Company	Processing sales	(604,287)	(99.79%)	60 days after next monthly billings	NA	NA	43,629	100%	-

Teco Image Systems Co., Ltd.
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 2)	Company name	Counterparty	Relationship (Note 1)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Teco Image Systems Co., Ltd.	Teco Image Systems (DongGuan) Co., Ltd.	Parent company to subsidiary	Cost of sales	\$ 604,287	No significant differences in transaction terms compared to third party transactions	50%
0	"	Teco Image Systems (DongGuan) Co., Ltd.	Parent company to subsidiary	Accounts payable	43,629	60 days after monthly billings	1%

Note 1: Individual transactions not reaching \$10,000 and the corresponding transactions of transactions disclosed by presenting parent company's transactions will not be disclosed.

Note 2: Parent company is '0'.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Table 4

Teco Image Systems Co., Ltd.
Information on investees
Year ended December 31, 2023

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Teco Image Systems Co., Ltd.	Atlas Tech Investment Co., Ltd.	British Virgin Islands	Professional investment company	\$ 196,096	\$ 196,096	6,248,313	100.00	\$ 18,132	(\$ 42,323)	(\$ 42,323)	Subsidiary (Note2)
"	SOLMAX POWER TAIWAN LITMITED	R.O.C	Renewable energy-based electricity generation	70,000	70,000	7,000,000	35.00	69,808	1,289	451	Associate
"	CREATIVE SENSOR INC.	"	Manufacturing and sales of electronic components	547,477	547,477	28,906,260	20.22	1,055,120	246,790	52,572	"
"	Tien Da Investment Co., Ltd.	"	Professional investment company	180,000	180,000	18,000,000	25.17	191,214	36,492	9,185	"
Atlas Tech Investment Co., Ltd.	All-In-One International Co., Ltd.	Samoa	"	83,648	83,648	2,410,000	100.00	190	131	-	Sub-subsidiary (Note1、3)
"	Image System International Limited	"	"	148,304	148,304	4,812,423	100.00	211	(42,358)	-	Sub-subsidiary (Note1)

Note1：The investment income was recognized by a subsidiary company.

Note2：Teco Image Systems (Suzhou) CO., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary was deregistered and return the remaining capital through the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd. As of December, 2023, Atlas Tech Investment Co., Ltd. is still in the process of capital reduction.

Note3：Teco Image Systems (Suzhou) CO., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary was deregistered and return the remaining capital through the Company's wholly-owned subsidiary, All-In-One Co.,Ltd. As of December, 2023, All-In-One Co.,Ltd. is still in the process of capital reduction.

Teco Image Systems Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of	Net income (loss) of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of		Footnote
				January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	December 31, 2023					December 31, 2023	December 31, 2023	
TECO Image Systems (Suzhou) Co., Ltd.	Research, technical service,manufacturing and sales of multi - function printers and related products	\$ -	(2)	\$ 81,528	\$ -	\$ -	\$ 81,528	\$ -	0	\$ -	\$ -	\$ -		Note 5
Teco Pro-Systems (JiangXi) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	-	(2)	32,710	-	-	32,710	(96)	100	(96)	17,669	-		Note 4
Teco Image Systems (Dong Guan) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	88,647	(2)	88,647	-	-	88,647	(42,358)	100	(42,358)	200	-		Note 3

Note 1: Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: The financial statements were audited by R.O.C. parent company's CPA.

Note 3: On December 25, 2012, the Board of Directors resolved for the Company to establish Teco Image Systems (DongGuan) Co., Ltd. in Mainland Area through Image Systems International Limited, the subsidiary is wholly-owned by Atlas Tech Investment Co., Ltd. The shareholding ratio was 100% and the total investment amount was USD3,000 thousand. The registration for the establishment of the investee company had been completed in January 2013.

Note 4: On February 22, 2024, Teco Pro-Systems (JiangXi) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd., was deregistered.

Note 5: On September 8, 2023, TECO Image Systems (Suzhou) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd., All-In-One International Co., Ltd., was deregistered. As of December 31, 2023, the reporting procedures for the Investment Commission, MOEA is still ongoing.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 7)
Teco Image Systems Co., Ltd.	\$ 202,885	\$ 231,906	\$ 1,516,465

Note 6: As of December 31, 2023, ceiling on investments in Mainland China imposed by the Investment Commission of MOEA amounted to US\$7.4 million.

Note 7: The limitation is \$80,000 or 60% of net worth.

Teco Image Systems Co., Ltd.
Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Processing cost		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
	Amount	%	Amount	%	Balance as at December 31, 2023	%	Balance as at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance as at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
Teco Image Systems (DongGuan) Co., Ltd.	(\$ 604,287)	53%	\$ -	-	(\$ 43,629)	(39%)	\$ -	-	\$ -	\$ -	-	\$ -	-

Teco Image Systems Co., Ltd.
Major shareholders information
December 31, 2023

Table 7

Name of major shareholders	Shares		
	No. of shares held (common shares)	No. of shares held (preference shares)	Ownership (%)
CREATIVE SENSOR INC.	33,408,000	-	29.68%
KORYO ELECTRONICS CO.,LTD.	11,425,000	-	10.15%
Tien Da Investment Co., Ltd	10,970,477	-	9.74%
Anfu International Investment Co., Ltd.	10,587,505	-	9.40%
Teco Capital Investment Co., Ltd.	8,196,501	-	7.28%
Teco International Investment Co., Ltd.	6,377,052	-	5.66%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.