Stock Code: 8249
Taiwan Stock Exchange Market Observation Post System
http://mops.twse.com.tw
Corporate Website
http://www.csi-sensor.com.tw

Creative Sensor Inc.

2023 Annual Report

Printed on: April 30, 2024

I. Name, title, phone number, and email address of the spokesperson and the acting spokesperson

Name of Spokesperson:	Name of Acting Spokesperson:
Chi-Chang Yang	Chien-Chung Hung
Title: Vice Chairman	Title: Senior Manager
TEL.: (02)8912-1289	TEL.: (02)8912-1289
Email: spokesperson@csi-sensor.com.tw	

II. Address and phone number of the headquarters, branch, and factory

Name	Address	Telephone
Headquarters	9F., No. 501, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114	(02) 8912-1289

III. Name, address, website and phone number of the stock transfer agency

Name: Registrar Department of Yuanta Securities

Address: B1F., No.210, Sec. 3, Chengde Rd., Datong Dist., Taipei City, Taiwan (R.O.C.)

Website: http://www.yuanta.com

TEL.: 02-2586-5859

IV. Name of the CPA and name, address, website and phone number of the accounting firm for the financial report in the most recent year

Name: CPA Po-Chuan Lin, CPA Chun-Yao Lin

Accounting firm: PwC Taiwan

Address: 27F., No.333, Sec. 1, Keelung Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)

Website: http://www.pwc.com/tw

TEL.: (02)2729-6666

V. Name(s) of the exchange(s) where our securities are traded offshore, and the method(s) with which the information of the offshore securities is/are accessed: None.

VI. Official website: http://www.csi-sensor.com.tw

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ONE. LETTER TO SHAREHOLDERS

I. 2023 Operating Overview

In 2023, although the world emerged from the pandemic, the economy was still impacted by the ongoing Russia-Ukraine war, unrelenting inflationary pressures, and continuous interest rate hikes, resulting in a slowdown in global economic growth. While inflation was somewhat controlled, the outbreak of conflict in the Gaza Strip in the fourth quarter, has dealt another blow to the international economy. The turmoil brought about by the war has made countries hesitant to entertain optimistic projections about easing inflation. Even though market expectations and discussions of potential interest rate cuts emerged in the second half of the year, nevertheless the geopolitical risks from the war remain high, leading to greater uncertainty in economic forecasts.

Affected by the global economic turndown, demand for consumer electronics products also weakened, significantly adversely impacting the global multi-function printer market. Also, beginning at the end of 2022, as the pandemic came under control, sales benefits from remote tele-work and distance tele-learning ended. Coupled with excessive inventory accumulation in the industry chain last year, inventory adjustments continued throughout 2023. And since the prolonged adjustment period was exacerbated by weaker global end-user demand, consequently shipment volumes remained at relatively low levels. With the slow economic recovery, and with China's post-pandemic rebound performing below expectations, demand for all product categories continued to decline. Our company will actively adjust pricing strategies and optimize production efficiency to address both internal and external challenges while enhancing our core competitiveness. Overall, Creative Sensor's business performance in 2023 deteriorated compared to the same period last year due to the aforesaid factors.

(1) Business plan implementation results and profit analysis were as follows:

Unit: NTD thousands

Year / Item	2023	2022	Growth rate
Operating revenue	3,056,224	4,256,952	-28.2%
Gross profit	573,831	758,787	-24.4%
Earnings per share	2.18	3.22	-32.3%

(2) Revenue, profit and loss:

The 2023 revenue was NTD 3.06 billion, or a decrease of 28.21% over the 2022 revenue of NTD 4.26 billion. The 2023 gross profit was NTD 570 million, down by 24.38% compared with NTD 760 million in 2022. Revenue and gross profit declined due to inventory adjustments and weakened end-market demand. Earnings per share after tax was NT$2.18, representing a decrease of 32.3% from EPS of NT$3.22 in 2022.

2023 R＆D results:

1. Completed trial production of linear optical sensing components and light sources, among other key components, achieving vertical integration and mastering key technologies.
2. Developed a prototype for a Smart Pattern Sensor based on market demand. Compared to competitors, it offers advantages such as time-saving operation, low misjudgment rate, and high speed. We also secured commitments for collaborative development from three end customers.
3. Engineering samples of infrared imaging and temperature measurement cores gained recognition from our customers, and orders for the second phase of samples were received.
4. Introduced artificial intelligence algorithms into infrared cores to further reduce noise, outperforming competitors; and, we completed technology development for fusing visible and infrared images.
5. International patent applications are in process for infrared sensing cores and image transmission methods.
6. In collaboration with strategic partners, we linked human posture recognition algorithms to the Cloud and introduced them into relevant application scenarios.

II. 2024 Outlook

According to forecasts by the International Monetary Fund (IMF), the global economy will gradually recover in 2024, with global economic growth reaching 2.9-3.1%, mainly driven by recovering global commodity demand and trade growth. But attention must be paid to whether consumption momentum will continue, and inflationary risks still remain. Additionally, global markets are continuing to be affected by uncertainties including the US-China economic tensions, war conflicts, extreme weather events disrupting global supply chains, and heightened geopolitical risks, all posing numerous significant challenges to the global economy.

Thus, in 2024, beside deepening relationships with existing customers and developing new business opportunities, the Company's management team will focus on strengthening control of raw materials and finished goods inventories, while enhancing relationships with key supply chains to ensure stable material supply. On the factory side, efforts will be made to continuously reduce employee turnover to increase production output, and strengthening quality control to reduce defect rates, enhancing flexibility and adaptability in automated production, promoting process optimization and product yield improvement to ensure profitability. In terms of new product development, the Company will continue to focus on "security monitoring applications" and "industrial inspection applications," differentiating our products through modular design and introduction of AI image processing, enhancing our product competitiveness.

The Company's operating policies in 2024 will pursue the following efforts:

1. In response to potential changes in shipment demand due to expected global economic downgrades, proactively manage raw materials and finished goods inventory levels, while closely monitoring market demand trends.
2. Reducing factory employee turnover and increasing proportions of flexible and variable automated production.
3. Mass-produce self-developed linear optical sensors and key components, mastering technology and product production autonomy.
4. Complete mass production of Smart Pattern Sensors while expanding into new application markets.
5. Continuing introducing artificial intelligence image processing algorithms into infrared imaging and temperature measurement cores, and developing multi-spectral imaging modules strengthening application scope of the cores.
6. Continuing planning for the second production base to increase our in-house production rate for components and establishing a fully automated intelligent production line.

Chairman: Yu-Jen Huang

Two. Company Profile

I. Establishment Date: June 15, 1998

II. Corporate Milestones

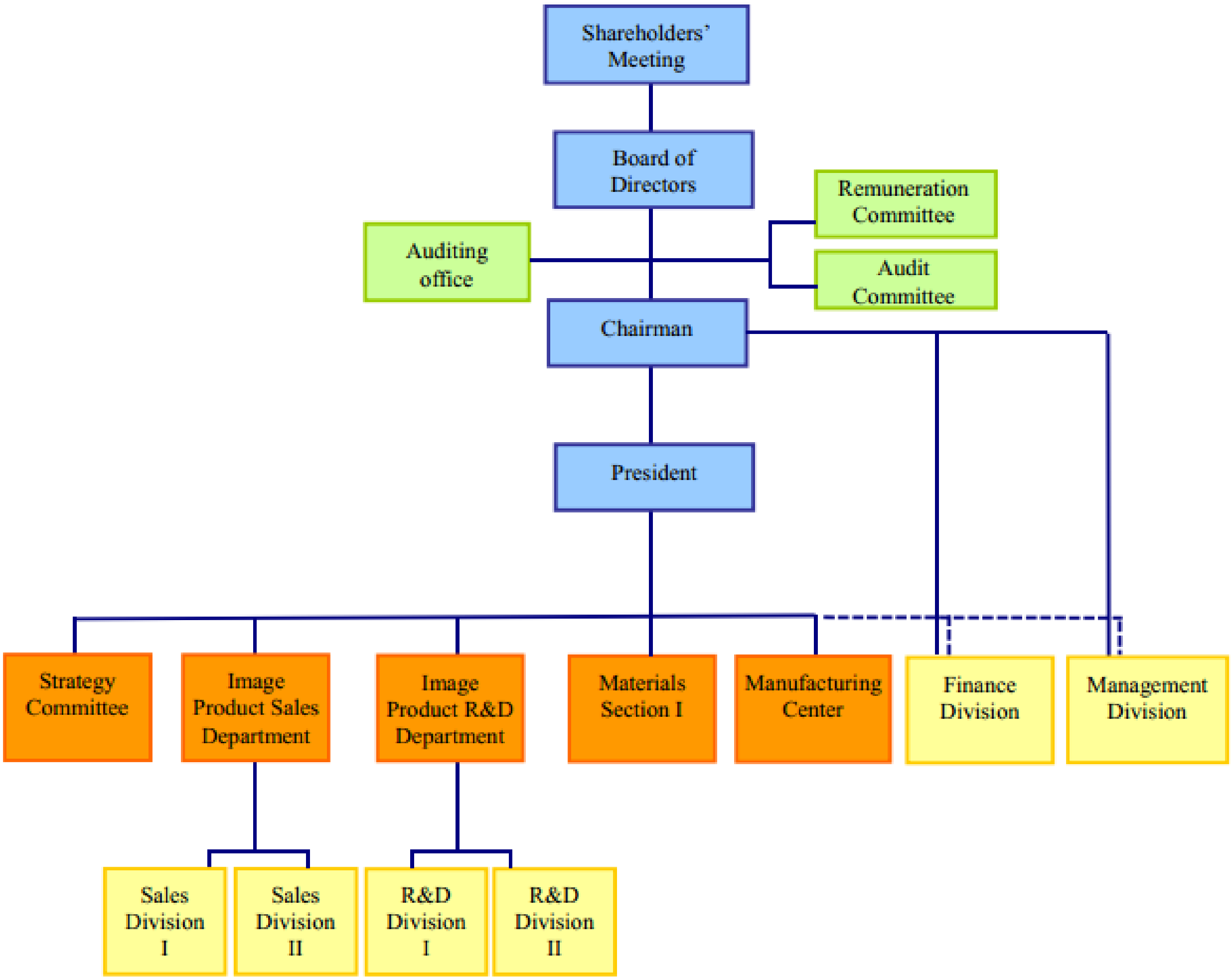
1998	-	The Company was founded in Wenshan District, Taipei City. The registered capital was NTD 40 million and the paid-in capital was NTD 10 million.
1999	-	The Company moved to Xizhi City, Taipei County.
	-	The cash capital increase was NTD 50 million and the paid-in capital was NTD 60 million.
2000	-	The cash capital increase was NTD 300 million and the paid-in capital reached NTD 360 million. The Company then carried out supplemental public issuance.
	-	The Company moved to Xindian City, Taipei County.
	-	The Company obtained the ISO9001 certificate.
2001	-	The Company entered into the "Development Project of New Leading Products" agreement with the Industrial Development Bureau, Ministry of Economic Affairs.
2002	-	The Company finished a complete strategic alliance arrangement in the CIS industry with global leading manufacturers and customers.
	-	The English name of the Company was changed to "CREATIVE SENSOR INC."
	-	The cash capital increase was NTD 140 million and the paid-in capital reached NTD 500 million.
	-	A subsidiary was founded in Wuxi, China the support the Company's marketing strategy and low production cost.
	-	The cash capital increase was NTD 200 million and the paid-in capital reached NTD 700 million.
2003	-	The Company developed a 2400 DPI High Resolution Chromatic CIS. It was the first developed and mass-produced leading model of 2400 DPI in the market.
2004	-	Inauguration of Wuxi 2nd factory in China.
	-	The Company obtained the ISO14001 certificate.
2005	-	The Company received approval from the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan for listing as a public company.
	-	The first domestic unsecured convertible corporate bonds amounting to NTD 200 million were issued.
	-	The Company invested and founded a subsidiary in the USA.
2006	-	The Company obtained the qualification of business operation headquarters.
	-	The Company obtained the TS16949 quality system certificate in the automobile industry.
	-	Successful mass production of the world's first liquid lens.
2007	-	The Company invested in and founded the NanChang Creative Sensor Technology Co., Ltd.
	-	The Company obtained the technology research and development project from the Ministry of Economic Affair (research and development project of autofocus liquid lens module).
2008	-	Opening of NanChang Creative Sensor Technology Co., Ltd.
2009	-	Wuxi Creative Sensor Technology Co., Ltd. passed the high-tech enterprise certification.
2010	-	Part of the ELCC new packaging process for sensors entered the mass production stage.
2012	-	NanChang Creative Sensor Technology Co., Ltd. passed the high-tech enterprise certification.
2013	-	The Company received the 2012 best quality award for suppliers from Brother.
2014	-	The Company received the 2013 remarkable supplier award from Epson.
	-	The Company moved to Neihu District, Taipei City.

2015	-	The company received the 2015 remarkable quality and process supplier award from HP.
2016	-	The Company received the 2016 quality advancement supplier award from HP.
	-	The Company received the 2016 quality advancement award from Samsung.
	-	The Company received the 2016 remarkable supplier award from Brother.
	-	The Company received the 2016 remarkable supplier award from Epson.
2017	-	Successfully developed infrared thermal imaging ceramic packaging technology.
		Successfully developed independent sensor light sources and it entered mass production.
2018	-	Successfully developed 660mm automatic optical inspection module.
2019	-	Successfully integrated thermal imaging driving ASIC and sensor, developed thermal imaging module2020
2020	-	Received the appreciation award from HP for supplier’s assistance during the pandemic period
2021	-	Successfully developed the AI for temperature measurement software used for crowd disease prevention including face/mask identification.
2022	-	The Company received the 2021 outstanding supplier award from Brother.
2023	-	Successfully developed the VGA/QVGA modules.

Three. Corporate Governance Report

I. Organization System

(I) Organization structure



(II) Responsibilities of Main Departments:

Department	Responsibilities and Duties
Auditing Office	Review and evaluate the Company's internal control system, establish and revise internal audit system, and periodically execute audits on various company's internal management system operations and prepare reports.
Strategy Committee	1. Responsible for identifying and evaluating new strategic investment targets. 2. Responsible for the preparation and planning of new business development strategies 3. Coordinate the resource utilization of departments and report to the President for approval and instructions.
President's Office	Plan and establish the Company's vision, business policies, and medium and long-term development strategies.
Image Product Sales Department	1. Responsible for the promotion of optoelectronic product business development, customer development and maintenance, collect and analyze market information as well as product development and design. 2. Establish the Company's marketing strategies according to the company's strategy direction, market information, and customer demands. 3. Management of customer information, quotations and orders, sales report and control of RMA progress. 4. Shipping notice issuance, sales return customer contact, and follow-up. 5. Development of testing system and established a repair system. 6. Collection of information of product market trends and technologies etc. as well as analysis and responsive strategies.
Image Product R&D Department	1. Responsible for the research and development as well as business development of new products. 2. Development, design and specification establishment of new products. 3. Implementation and introduction of new technologies and new suppliers, and planning for reduction of production costs.
Manufacturing Center	1. Production goal management, production operation process evaluation planning and execution. 2. Manufacturing process technical evaluation, planning and design, coordination and resolution of various manufacturing process issues. 3.Establishment and management of quality activities, factory equipment maintenance, occupational safety, and environmental protection.
Finance Division	1. Manage financial, accounting, cost, investments and board of directors related affairs of the entire company. 2. Responsible for the investment analysis, budget management, operation performance analysis and strategy recommendations, business planning.
Management Division	1. Manage human resources, general administration, asset management, legal, stock affairs and information management affairs etc. for the entire company. 2. Provide necessary support and service to all departments to improve operational performance.

II. Information Concerning the Directors, General Managers, Vice Presidents, Assistant Vice Presidents, and Department and Branch Managers

(I) Directors

1. Information of Directors

April 2, 2023

Title	Nationality or Place of Registration	Name	Gender Age	Date of Election (Appointment)	Term (years)	Date First Elected	Shareholding when Elected: Number of Shares	Shareholding when Elected: Shareholding Ratio	Current Shareholding: Number of Shares	Current Shareholding: Shareholding Ratio	Spouse & Minor Shareholding: Number of Shares	Spouse & Minor Shareholding: Shareholding Ratio	Shares Held in the Name of Other Persons: Number of Shares	Shares Held in the Name of Other Persons: Shareholding Ratio	Education and Selected Past Positions	Other Current Positions within the Company and in Other Companies	Executives, Directors or Supervisors who are Spouses or Within Two Degrees of Kinship: Title	Executives, Directors or Supervisors who are Spouses or Within Two Degrees of Kinship: Name	Executives, Directors or Supervisors who are Spouses or Within Two Degrees of Kinship: Relationship	Remarks
Chairman	Republic of China	TECO Image Systems Co., Ltd.		July 9, 2021	3	June 20, 2003	21,928,260	17.26%	28,906,260	19.39%	0	0	0	0	Chairman and president of TECO Image Systems Co., Ltd. CEO of TECO Group, IT Business Unit M.E.E. of Columbia University	(Note 1)	None	None	None	
	Japan	Representative: Yu-Jen Huang	Male 51-60 years old	July 9, 2021	3	June 20, 2003	0	0.00%	300,000	0.20%	0	0	0	0			None	None	None	
Vice Chairman	Republic of China	TECO Image Systems Co., Ltd.		July 9, 2021	3	June 20, 2003	21,928,260	17.26%	28,906,260	19.39%	0	0	0	0	Sales Director of Sunplus Technology Co., Ltd. MBA of Keio University		None	None	None	
	Republic of China	Representative: Chi-Chang Yang	Male 51-60 years old	July 9, 2021	3	October 22, 2019	0	0.00%	219,723	0.15%	0	0	0	0	Sales Director of Sunplus Technology Co., Ltd. MBA of Keio University		None	None	None	
Director	Republic of China	Koryo Electronics Co., Ltd.		July 9, 2021	3	June 14, 2006	3,787,000	2.98%	5,701,000	3.82%	0	0	0	0	President, Universal Cement Corporation Master & Bachelor		None	None	None	

	Republic of China	Representative: Chih-Sheng Hou	Male 41-50 years old	March 13, 2023	3	March 13, 2023	0	0.00%	0	0.00%	0	0	0	0	with Distinction from Stanford in Electrical Engineering and Biomedical Information PhD in Electrical Engineering, Massachusetts Institute of Technology		None	None	None	
Director	Republic of China	Koryo Electronics Co., Ltd.		July 9, 2021	3	June 13, 2012	3,787,000	2.98%	5,701,000	3.82%	0	0	0	0	Partner, Cheng & Ku Law Firm Master of Intellectual Property Law, Franklin Pierce Law Center (U.S.A.)		None	None	None	
	Republic of China	Representative: Mu-Yao Ku	Male 51-60 years old	July 9, 2021	3	July 9, 2021	0	0.00%	0	0.00%	0	0	0	0			None	None	None	
Independent Director	Republic of China	Hsiu-Ming Wang	Male 61-70 years old	July 9, 2021	3	June 16, 2009	0	0.00%	0	0.00%	0	0	0	0	Chairman of Ming Shing Creativity Management Consultant Co., Ltd. MBA, University of Leicester		None	None	None	
Independent Director	Republic of China	Shih-Ing Huang	Female 41-50 years old	July 9, 2021	3	July 9, 2021	0	0.00%	0	0.00%	0	0	0	0	Independent Director, Uni Pharma Co., Ltd. Independent Director, M31 Technology Corporation PhD in Financial Management, Guangzhou Jinan University		None	None	None	
Independent Director	Republic of China	Yun-Hsiang Hsiao	Male 61-70 years old	November 29, 2022	3	November 29, 2022	0	0.00%	0	0.00%	0	0	0	0	Chairman, Taoyuan City Autism Association Management Group, In-Service Master's Program, School of Business, Kainan University		None	None	None	

Note 1: Other current positions within the Company and in other companies thereof

Title	Name	Other Current Positions within the Company and in Other Companies	
Chairman	Yu-Jen Huang	Chairman:	Creative Sensor Inc.; TECO Image Systems Co., Ltd.; TECO Pro-Systems (JiangXi) Co., Ltd.
		Director:	Independent Director of Genetics Generation Advancement Corp.; 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);Jump International Corporation
		Others:	Chief Strategist, Creative Sensor Inc.; Chief Strategist, TECO Image Systems Co., Ltd.
Vice Chairman	Chi-Chang Yang	Chairman:	Sun Semiconductor Corporation
		Director:	Creative Sensor Inc.;NanChang Creative Sensor Technology Co., Ltd.; Wuxi Creative Sensor Technology Co., Ltd.; Creative Sensor (USA) Co.
Director	Chih-Sheng Hou	Director:	Creative Sensor Inc.;Universal Cement Corporation, Tainan Spinning Co., Ltd., Universal Cement Investment Co., Ltd.;Institute for Information Industry
		Supervisor:	Huanchung Cement International Corporation, Lio Ho Machine Works Ltd.
Director	Mu-Yao Ku	Director:	Creative Sensor Inc.;Hua VI Venture Capital Corporation; You Jin Management Consulting Co., Ltd.; Chu Xi Investment Co., Ltd. Fuli Commercial Co., Ltd
		Supervisor:	Shanghai Koryo Electronics Co., Ltd.; Lien Chen Limited
		Others:	Partner, Cheng & Ku Law Firm
Independent Director	Hsiu-Ming Wang	Chairman:	Ming Shing Creativity Management Consultant Co., Ltd.
		Director:	Independent Director, Creative Sensor Inc.;FIT Holding Co., Ltd.; Independent Director of King Yuan Electronics Co., Ltd.
		Others:	Director, Taiwan Electrical and Electronic Manufacturers' Association
Independent Director	Shih-Ing Huang	Director:	Independent Director, Creative Sensor Inc.;Independent Director, M31 Technology Corporation; Independent Director, Alliance Material Co., Ltd.
		Others:	CPA Partner, Zhixin Co., CPAs
Independent Director	Yun-Hsiang Hsiao	Director:	Independent Director, Creative Sensor Inc.
		Others:	Chairman, Taoyuan City The League For Persons With Disabilities. Chairman, Taoyuan City Autism Association Founding Chairman, Hutoushan Lions Clubs, Taoyuan City Placement Committee Member, Committee for the Identification and Placement of Students with Physical and Mental Disabilities in Senior High Schools, Department of Education, Taoyuan

2. Names of top 10 institutional shareholders and shareholding percentage

Major shareholders of institutional shareholders

April 2, 2023

Institutional Shareholder	Major Shareholders of Institutional Shareholders
TECO Image Systems Co., Ltd.	Creative Sensor Inc. (29.69%); Tien Da Investment Co., Ltd. (10.45%); Koryo Electronics Co., Ltd. (10.15%); An-Fu International Investment Co., Ltd. (9.41%), Tong-An Investment Co., Ltd. (7.28%), TECO International Investment Co., Ltd. (5.67%); Guang Yuan Industrial Co., Ltd. (4.24%); An-Tai International Investment Co., Ltd. (1.13%); Hong--Li, Chen(1.00%); JIAO,JIN-SHENG(0.53%)
Koryo Electronics Co., Ltd.	TECO Image Systems Co., Ltd. (19.29%); Creative Sensor Inc. (19.07%); Multilite International Co., Ltd. (11.30%); Chuan-Fu Lu (10.95%); Tien Da Investment Co., Ltd. (9.82%) Tse-Hang Yang (2.91%);Joyce Worldwide Ltd. (2.91%); Jing-Feb Yang(2.34%); Lin-Ho-Hui Huang (2.22%); Mao-Hsiung Huang (0.94%)

Major shareholders of the major shareholders who are juristic persons

April 2, 2023

Name of Juristic Person	Major Shareholders of the Juristic Person
Tien Da Investment Co., Ltd.	Creative Sensor Inc. (29.85%); Koryo Electronics Co., Ltd. (27.27%); TECO Image Systems Co., Ltd. (25.17%); Lien Chang Electronic Enterprise Co., Ltd. (9.79%); Multilite International Co., Ltd. (6.99%); Victron Technology Co., Ltd. (0.92%)
An-Fu International Investment Co., Ltd.	Yuban International Investment Co., Ltd. (35%); Tung-Kuang Investment Co., Ltd. (31%); An-Shin Food Services Co., Ltd. (30%); Guang Yuan Industrial Co., Ltd. (4%)
Tong-An Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd. (99.6%); An-Tai International Investment Co., Ltd. (0.2%); TECO International Investment Co., Ltd. (0.2%)
TECO International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd. (100%)
Guang Yuan Industrial Co., Ltd.	Ho-Hui Huang Lin (51.58%);Tung-Kuang Investment Co., Ltd. (34.46%);; Hong Kong Mingye Investment Co., Ltd. (10%); Tong Ho Global Investment Co., Ltd. (0.74%); Others (3.22%)
An-Tai International Investment Co., Ltd.	TECO Electric & Machinery Co., Ltd. (100%)
Multilite International Co., Ltd.	Guang Yuan Industrial Co., Ltd. (22.28%); Joyce Investment Corp. (18.38%); Joyce Worldwide Ltd. (15.19%); Mao-Hsiung Huang (10.04%);Tung Kuang Investment Co., Ltd. (9.88%); Hsin-Pei Lin (5.11%); Li-Chun Chang (3.80%); Ho-Hui Huang Lin (3.74%); Li-Yu Chang (3.74%); Ping-Yen Chang (2.27%)
Joyce Investment Corp.	Ming Zheng Investment Co., Ltd. (50.50%), Ample Delight Limited (25.25%); Kai Yue Industrial Co., Ltd. (17.25%); Others (7%)

3. Disclosure of information on the professional qualifications of Directors and independence of Independent Directors

<table>
<tr><th>Qualifications / Name</th><th>Professional Qualifications and Experience (Note 1)</th><th>Compliance with Independence Criteria (Note 2)</th><th>Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director</th></tr>
<tr><td>Yu-Jen Huang, Chairman</td><td rowspan="4">1. Refer to "Information of Directors" on page 8 for the professional qualifications and experience of Directors.
2. No Director meets conditions specified in Article 30 of the Company Act.</td><td rowspan="4">Not applicable</td><td>1</td></tr>
<tr><td>Chi-Chang Yang, Vice Chairman</td><td>0</td></tr>
<tr><td>Chih-Sheng Hou, Director</td><td>0</td></tr>
<tr><td>Mu-Yao Ku, Director</td><td>0</td></tr>
<tr><td>Hsiu-Ming Wang, Independent Director</td><td rowspan="3">1. Refer to "Information of Directors" on page 8 for the professional qualifications and experience of Directors.
2. No Director meets conditions specified in Article 30 of the Company Act.</td><td rowspan="3">All Independent Directors meet the criteria specified below:
1. Compliance with related regulations in Article 14-2 of the Securities and Exchange Act and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission
2. They (or with shares held in the name of others), their spouses, or underage children do not hold shares of the Company
3. They did not provide business, legal, financial, or accounting services provided for the Company or its affiliates or receive compensation for such services in the last two years</td><td>1</td></tr>
<tr><td>Shih-Ing Huang, Independent Director</td><td>2</td></tr>
<tr><td>Yun-Hsiang Hsiao, Independent Director</td><td>0</td></tr>
</table>

Note1: A person who is under any of the following circumstances shall not act as a managerial personnel of a company. If he has been appointed as such, he shall be dismissed ipso facto:

1. Having committed an offence as specified in the Statute for Prevention of Organizational Crimes and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or five years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
2. Having committed the offence in terms of fraud, breach of trust or misappropriation and subsequently convicted with imprisonment for a term of more than one year, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
3. Having committed the offense as specified in the Anti-corruption Act and subsequently convicted of a crime, and has not started serving the sentence, has not completed serving the sentence, or two years have not elapsed since completion of serving the sentence, expiration of the probation, or pardon;
4. Having been adjudicated bankrupt or adjudicated of the commencement of liquidation process by a court, and having not been reinstated to his rights and privileges;
5. Having been dishonored for unlawful use of credit instruments, and the term of such sanction has not expired yet; or
6. Having no or only limited disposing capacity.
7. Having been adjudicated of the commencement of assistantship and such assistantship having not been revoked yet.

Note 2:

1. Not a government agency, juristic person, or its representative as specified in Article 27 of the Company Act.
2. Does not serve as an independent director in more than three other public companies.
3. During the two years before being elected or during the term of office, an independent director may not have been or be any of the following:
   (1) An employee of the Company or any of its affiliates.
   (2) A director or supervisor of the company or any of its affiliates.
   (3) 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) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial personnel under subparagraph (1) or any of the persons in subparagraphs (2) or (3).
   (5) A director, supervisor, or employee of a corporate shareholder that directly holds 5% 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 of the Company Act.
   (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: a director, supervisor, or employee of that other company.

(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: a director (or governor), supervisor, or employee of that other company or institution.

(8) A director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(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 NTD 500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee.

4. Diversity of the Board of Directors:

To strengthen corporate governance and ensure the sound development of the composition and structure of the Board of Directors, the Company established the "Corporate Governance Best Practice Principles", which state that the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties.

To achieve the ideal goal of corporate governance, the Board of Directors as a whole shall possess the following abilities:

I. Ability to lead.
II. Ability to make policy decisions.
III. An international market perspective.
IV. Knowledge of the industry.
V. Ability to conduct crisis management.
VI. Ability to conduct management administration.
VII. Ability to perform accounting and financial analysis.
VIII. Ability to make operational judgments.
IX. Environmental sustainability.
X. Social engagement.

Management Target

The Board of Directors of the Company shall direct company strategies, supervise the management, and be responsible to the Company and shareholders. The Board of Directors shall comply with all laws and regulations, the provisions of the Articles of Incorporation, and the operations and arrangements for corporate governance to ensure the performance of its duties. The members of the Company's Board of Directors shall have the knowledge, skills, knowledge of the industry, and decision-making and management skills necessary to perform their duties. The Company has established the following diverse management objectives to attain the functional objectives of the Board of Directors.

(I) Gender diversity with a target of at least one female director.
(II) Discipline diversity with talents for at least four of the core items including management, leadership and decision making, knowledge of the industry, accounting, and financial analysis.

Implementation status of the diversity policy

- The seven members of the Board of Directors of the Company includes one female director.
- Of the three Independent Directors, two have served for less than three years and one has served for three to six years. Of all directors of the Company, two is between 61 and 70 years old, three are between 51 and 60 years old, and two are between 41 and 50 years old, which represent a wide distribution of directors by age group.
- The academic qualifications of the current seven Directors include a master's degree in electrical engineering, master's degree in economic research, master's degree in intellectual property rights, and PhD degree in financial management. Each Director has a different professional background. The Directors Yu-Jen Huang, Chi-Chang Yang, Chih-Sheng Hou, Mu-Yao Ku and Yun-Hsiang Hsiao specialize in business judgments, leadership and decision making, management, crisis management, environmental sustainability, and international market perspective. The Directors Shih-Ing Huang also have accounting and financial analysis expertise. The Director Hsiu-Ming Wang has experience in relevant industries.
- The members of the Company's Board of Directors have complementary academic qualifications and expertise as well as diversity in terms of their disciplines and gender, which meet the target set in the Company's diversity policy for the Board of Directors.

Independence of the Board of Directors:
The Company's goal is to ensure that Independent Directors account for at least one third of all Directors, Directors who are also managers of the Company should not exceed one third of all Directors, and no more than two Directors of the Company have a spousal or familial relationship within the second degree of kinship with any other Director. The Company's seven Directors come from diverse backgrounds, including different industries, academic, and legal professional backgrounds, including one female Director. Among the seven Directors, three are Independent Directors who account for more than one third of all Directors. In addition, Directors do not have spousal or familial relationships within the second degree of kinship with any other Director. Therefore, the Board of Directors of the Company retains its independence. The implementation status of the diversity policy for board members is shown in the table below:

Title	Chairman	Vice Chairman	Director	Director	Independent Director	Independent Director	Independent Director
Name	Yu-Jen Huang	Chi-Chang Yang	Chih-Sheng Hou	Mu-Yao Ku	Hsiu-Ming Wang	Yun-Hsiang Hsiao	Shih-Ing Huang
Gender	Male	Male	Male	Male	Male	Male	Female
Nationality	Japan	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China
Age	51-60	51-60	41-50	51-60	61-70	61-70	41-50
Concurrent role as company employee	v	v					
Professional knowledge and skills							
Business	v	v	v	v	v	v	v
Technology	v	v	v		v		
Financial/accounting							v
Law				v			
Marketing	v	v	v		v	v	
Information security				v		v	v
Skills and experience							
Leadership abilities	v	v	v	v	v	v	v
Decision-making abilities	v	v	v	v	v	v	v
International market perspective	v	v	v	v	v	v	v
Industry knowledge	v	v	v		v		
Crisis management abilities	v	v	v	v	v	v	v
Business management abilities	v	v	v	v	v	v	v
Accounting and financial analysis abilities	v						v
Ability to make sound business judgments	v	v	v	v	v	v	v
Environmental sustainability	v	v	v	v	v	v	v
Social engagement	v	v	v	v	v	v	v

(II) Information concerning the president, vice presidents, assistant vice presidents, and department and branch managers

April 2, 2024

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholding		Spouse & Minor Shareholding		Shares Held in the Name of Other Persons		Education and Selected Past Positions	Other Current Positions in Other Companies	Managers who 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			Title	Name	Relationship	
Chief Strategist	Japan	Yu-Jen Huang	Male	April 26, 2022	300,000	0.20%	0	0	0	0	Chairman and president of TECO Image Systems Co., Ltd. CEO of TECO Group, IT Business Unit M.E.E. of Columbia University	(Note 4)	None	None	None	
Acting President	Republic of China	Chi-Chang Yang	Male	November 9, 2015	219,723	0.15%	0	0	0	0	Sales Director of Sunplus Technology Co., Ltd. MBA of Keio University	(Note 4)	None	None	None	
Vice President	Republic of China	Hsien-Fu Hsiao (Note1)	Male	November 2, 2022	100,000	0.07%	0	0	0	0	President, NanChang Creative Sensor Technology Co., Ltd. Post-doctoral research, Georgia Institute of Technology	(Note 4)	None	None	None	
Assistant Vice President	Republic of China	Shao-Yang Wu	Male	December 30, 2020	113,640	0.08%	0	0	0	0	Chief Operating Officer of Asia Air Precision Technology Ltd. Department of Mechanical Engineering, National Central University	None	None	None	None	
Director	Republic of China	Chun-Mei Yen (Note 2)	Female	July 6, 2018	342,137	0.23%	0		0	0	Deputy Director, TECO Image Systems Co., Ltd. Department of Accounting, Fu-Jen Catholic University	(Note 4)	None	None	None	
Senior Manager	Republic of China	Chien-Chung Hung	Male	November 9, 2021	120,000	0.08%	0	0	0	0	Director, Paonan Biotech Co., Ltd. Department of Accounting, Fu-Jen Catholic University	(Note 4)	None	None	None	
Manager	Republic of China	Chi-Ping Lin (Note 3)	Female	March 13, 2023	100,000	0.07%	0	0	0	0	Deputy Manager, Creative Sensor Inc. Department of Accounting, Ming Chuan University	None	None	None	None	

Corporate Governance Officer	Republic of China	Chiao-Pei Mai	Female	November 9, 2021	60,000	0.04%	5,000	0.003%	0	0	Senior Management Specialist, Taiwan Mobile Master of International Business, National Taiwan University	None	None	None	None	

Note 1: Hsien-Fu Hsiao resigned on March 27, 2024.

Note 2: Chun-Mei Yen was reassigned from her position as Director to Advisor on March 13, 2023.

Note 3: Chi-Ping Lin was appointed as Accounting Manager on March 13, 2023.

Note 4: Other current positions within the Company and in other companies

Title	Name	Other Current Positions within the Company and in Other Companies	
Chief Strategist	Yu-Jen Huang	Chairman:	TECO Image Systems Co., Ltd., TECO Pro-Systems (JiangXi) Co., Ltd.
		Director:	Independent Director of Genetics Generation Advancement Corp., 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)
		Others:	Chief Strategist, TECO Image Systems Co., Ltd.
Acting President	Chi-Chang Yang	Chairman:	Sun Semiconductor Corporation
		Director:	Wuxi Creative Sensor Technology Co., Ltd.; NanChang Creative Sensor Technology Co., Ltd.; Creative Sensor (USA) Co.
Vice President	Hsien-Fu Hsiao	President	Wuxi Creative Sensor Technology Co., Ltd.; NanChang Creative Sensor Technology Co., Ltd.
Director	Chun-Mei Yen	Director:	NanChang Creative Sensor Technology Co., Ltd.
		Others:	Director, TECO Image Systems Co., Ltd.,
Senior Manager	Chien-Chung Hung	Director	Solmax Power Taiwan Limited

(III) Remuneration paid to directors, supervisors, presidents, and vice presidents in the most recent year

1. Remuneration of Directors and Independent Directors

Unit: NTD thousands

No.	Title	Name	Remuneration to Directors								Sum of A, B, C, and D as percentage of net income (%)		Remuneration in the capacity as employees								Sum of A, B, C, D, E, F and G as percentage of net income (%)		Compensation from investees or parent company other than subsidiaries received
			Remuneration (A)		Pension (B)		Remuneration to Directors (C)		For professional practice (D)				Salary, bonuses and special allowances (E)		Pension (F)		Employee compensation (G)						
			The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company		All companies in the Financial Report		The Company	All companies inthe Financial Report	
																	Cash	Stock	Cash	Stock			
1	Chairman	TECO Image Systems Co., Ltd.	0	0	0	0	7,222	7,222	150	190	7,372 (2.99%)	7,412 (3.01%)	20,108	20,108	0	0	2,057	0	2,057	0	29,537 (11.97%)	29,577 (11.99%)	10,192
2		Representative: Yu-Jen Huang																					
3	Vice Chairman	TECO Image Systems Co., Ltd.																					
		Representative: Chi-Chang Yang																					
4	Director	Koryo Electronics Co., Ltd.																					
5		Representative: En-Kuo Wang (note 1)																					
6	Director	Koryo Electronics Co., Ltd.																					
		Representative: Chih-Sheng Hou (note 2)																					
7	Director	Koryo Electronics Co., Ltd.																					
		Representative: Mu-Yao Ku																					
8	Independent Director	Hsiu-Ming Wang	720	720	0	0	2,160	2,160	240	240	3,120 (1.26%)	3,120 (1.26%)	0	0	0	0	0	0	0	0	3,120 (1.26%)	3,120 (1.26%)	0
9	Independent Director	Shih-Ing Huang																					
10	Independent Director	Yun-Hsiang Hsiao																					

1. Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance between the amount of remuneration and the factors including responsibilities, risks, the time spent by the individual, etc.: The remuneration for Directors is determined based on the degree of their participation and contributions to business operations of the Company as well as prevailing rates in the industry in Taiwan and in foreign countries in accordance with the Articles of Incorporation of the Company. If the Company makes a profit in the current year, the Board of Directors may pass a resolution to set aside no more than 5% as remuneration for Directors. The Company established the "Regulations Governing Allocation of Remuneration to Directors". The performance evaluation and the reasonableness of the remuneration is reviewed by the Remuneration Committee and the Board of Directors. 2. Except as disclosed above, remuneration received by directors in the latest year for services (e.g., acting as a non-employee consultant of the parent company/any company in the financial statements/investee) provided by the Directors: NT$438,871

Note 1: The Director En-Kuo Wang resigned on March 13, 2023, Koryo Electronics Co., Ltd. assigned representative of juristic-person director.

Note 2: The Director Chih-Sheng Hou was appointed on March 13, 2023, Koryo Electronics Co., Ltd. assigned representative of juristic-person director.

Breakdown of remuneration

Breakdown of Remuneration to Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All companies in the Financial Report	The Company	All investees included in the financial statements
Under NTD 1,000,000	5	5	5	5
NTD 1,000,000 (inclusive) to NTD 2,000,000 (exclusive)	3、6、7、8、9、10	3、6、7、8、9、10	6、7、8、9、10	6、7、8、9、10
NTD 2,000,000 (inclusive) to NTD 3,500,000 (exclusive)	2、4	2、4	4	2、4
NTD 3,500,000 (inclusive) to NTD 5,000,000 (exclusive)	1	1	1	1
NTD 5,000,000 (inclusive) to NTD 10,000,000 (exclusive)	—	—	3	3
NTD 10,000,000 (inclusive) to NTD 15,000,000 (exclusive)	—	—	—	—
NTD 15,000,000 (inclusive) to NTD 30,000,000 (exclusive)	—	—	2	2
NTD 30,000,000 (inclusive) to NTD 50,000,000 (exclusive)	—	—	—	—
NTD 50,000,000 (inclusive) to NTD 100,000,000 (exclusive)	—	—	—	—
Over NTD 100,000,000	—	—	—	—
Total	1~10	1~10	1~10	1~10

* Expressed by each Director No.

* Remuneration disclosed herein is different from the term “income” as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes.

2. Remuneration to Presidents and Vice Presidents

Unit: NTD thousands

<table>
<tr><th rowspan="3">No.</th><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)
(Note 1)</th><th colspan="2">Bonuses and special allowances (C)</th><th colspan="4">Employee compensation (D)</th><th colspan="2">Sum of A, B, C, and D as percentage of net income (%)</th><th colspan="2">Quantity of shares entitled under employee stock option</th><th colspan="2">Quantity of new restricted employee shares</th><th rowspan="3">Compensation from investees or parent company other than subsidiaries received</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th colspan="2">The Company</th><th colspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the Financial Report</th></tr>
<tr><th>Cash dividends</th><th>Stock dividends</th><th>Cash dividends</th><th>Stock dividends</th></tr>
<tr><td>1</td><td>Chairman and Chief Strategist</td><td>Yu-Jen Huang</td><td rowspan="3">11,864</td><td rowspan="3">11,864</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">15,390</td><td rowspan="3">15,390</td><td rowspan="3">5,176</td><td rowspan="3">0</td><td rowspan="3">5,176</td><td rowspan="3">0</td><td rowspan="3">32,430
13.14%</td><td rowspan="3">32,430
13.14%</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td>Yes</td></tr>
<tr><td>2</td><td>Vice Chairman and Acting President</td><td>Chi-Chang Yang</td><td>No</td></tr>
<tr><td>3</td><td>Vice President</td><td>Hsien-Fu Hsiao (Note 1)</td><td>No</td></tr>
</table>

Note 1: Hsien-Fu Hsiao resigned on March 27, 2024.

Breakdown of remuneration

Breakdown of Remuneration to Presidents and Vice Presidents	Names of Presidents and Vice Presidents	
	The Company	All companies in the Financial Report
Under NTD 1,000,000	—	—
NTD 1,000,000 (exclusive) to NTD 2,000,000 (exclusive)	—	—
NTD 2,000,000 (exclusive) to NTD 3,500,000 (exclusive)	—	—
NTD 3,500,000 (exclusive) to NTD 5,000,000 (exclusive)	—	—
NTD 5,000,000 (exclusive) to NTD 10,000,000 (exclusive)	2、3	2、3
NTD 10,000,000 (exclusive) to NTD 15,000,000 (exclusive)	—	—
NTD 15,000,000 (exclusive) to NTD 30,000,000 (exclusive)	1	1
NTD 30,000,000 (exclusive) to NTD 50,000,000 (exclusive)	—	—
NTD 50,000,000 (exclusive) to NTD 100,000,000 (exclusive)	—	—
Over NTD 100,000,000	—	—
Total	1,2,3	1,2,3

* Expressed by each managerial personnel No.

* Remuneration disclosed herein is different from the term “income” as defined in the Income Tax Act; this table is for information disclosure, and not for taxation purposes

3. Name of the managerial personnel whom the employee remuneration was allocated to, and status of the allocation

Unit:NTD thousands

	Title	Name	Stock dividends	Cash dividends	Total	Total amount as percentage of net income after tax (%)
Managerial personnel	Chairman and Chief Strategist	Yu-Jen Huang	0	7,843 (Estimated)	7,843 (Estimated)	3.18%
	Vice Chairman and Acting President	Chi-Chang Yang				
	Vice President	Hsien-Fu Hsiao (Note 2)				
	Assistant Vice President	Shao-Yang Wu				
	Director	Chun-Mei Yen (Note 3)				
	Senior Manager	Chien-Chung Hung				
	Manager	Chi-Ping Lin (Note 4)				
	Corporate Governance Officer	Chiao-Pei Mai				

Note 1: Please specify the employee remuneration allocated to managerial personnel (including stock dividend and cash dividend) upon resolution by the Board of Directors meeting in the most recent year. If it is impossible to forecast the same, please calculate the amount allocated based on the allocation percentage adopted last year. The net income after tax refers to the net income after tax for the most recent year.

Note 2: Hsien-Fu Hsiao resigned on March 27, 2024.

Note 3: Chun-Mei Yen was reassigned from her position as Director to Advisor on March 13, 2023.

Note 4: Chi-Ping Lin was appointed as Accounting Manager on March 13, 2023.

(IV) Specify and compare the remuneration to Directors, Supervisors, Presidents, and Vice Presidents of the Company paid by the Company and companies included in the consolidated financial statements in proportion to the net income after tax referred to in the individual financial statements or consolidated financial statements in the past two (2) years, and specify the policies, standards, combinations, procedure of decision-making of remuneration and their relation to business performance and future risk.

1.The remuneration to Directors, Supervisors, Presidents, and Vice Presidents of the Company paid by the Company and companies included in the individual financial statements in proportion to the net income after tax referred to in the individual financial statements or consolidated financial statements in the past two (2) years is stated as following:

Title	The remuneration to Directors, Supervisors, Presidents, and Vice Presidents of the Company paid by the Company and companies included in the standalone financial statements in proportion to the net income after tax referred to in the individual financial statements in 2022.	The remuneration to Directors, Supervisors, Presidents, and Vice Presidents of the Company paid by the Company and companies included in the standalone financial statements in proportion to the net income after tax referred to in the individual financial statements in 2023.
Director President Vice President	13.02%	17.41%

2. The policies, standards, combinations, procedure of decision-making of remuneration and their relation to business performance and future risks

The Company paid remuneration to directors and supervisors in accordance with the Company’s Articles of Incorporation. Meanwhile, the Company’s Remuneration Committee established the “Regulations Governing Allocation of Remuneration to Directors” to govern the allocation of remuneration to the Company’s directors, which have been passed upon resolution by the Company’s Board of Directors meeting. The remuneration and salary paid to the Company’s managerial personnel were based on their business performance, the standard prevailing in the same trade and relation to future risk, and reviewed by the Company’s Remuneration Committee members, allocated in accordance with the regulations governing salary, bonus and reward, and authorized by the Chairman of Board authorized by the Company’s Board of Directors.

III. Status of Corporate Governance

(I) Operation of the Board of Directors

In 2023, the 9th Board of Directors convened 8 meetings. The attendance of Directors is summarized as follows:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (B/A) (%)	Remarks
9th Board of Directors (term: July 9, 2021 to July 8, 2024)					
Chairman	TECO Image Systems Co., Ltd. Representative: Yu-Jen Huang	8	0	100	Attendance required for 8 meetings
Vice Chairman	TECO Image Systems Co., Ltd. Representative: Chi-Chang Yang	7	1	88	Attendance required for 8 meetings
Director	Koryo Electronics Co., Ltd. Representative: En-Kuo Wang	1	0	100	March 13, 2023, resigned (Attendance required for 1 meeting)
Director	Koryo Electronics Co., Ltd. Representative: Chih-Sheng Hou	6	1	86	March 13, 2023, newly elected (Attendance required for 7 meeting)
Director	Koryo Electronics Co., Ltd. Representative: Mu-Yao Ku	8	0	100	Attendance required for 8 meetings
Independent Director	Hsiu-Ming Wang	8	0	100	Attendance required fo 8 meetings
Independent Director	Shih-Ing Huang	8	0	100	Attendance required for 8 meetings
Independent Director	Yun-Hsiang Hsiao	8	0	100	Attendance required for 8 meetings

Other items to be stated:

I. Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all Independent Directors and the Company's resolution of said opinions:

(I) The circumstances referred to in Article 14-3 of the Securities and Exchange Act: None applied to the 8th Board of Directors. The Company has established the Audit Committee starting from the 9th Board of Directors. Therefore, the requirements in Article 14-3 of the Securities and Exchange Act do not apply. Please refer to the Operations of the Audit Committee in the Annual Report for detailed information.

(II) Any other resolution(s) passed but with Independent Directors voicing opposing or qualified opinions on the record or in writing: None.

II. Directors recusing himself/herself due to a conflict of interest: None.

III. The company listed on TWSE/TPEx shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the evaluation of the Board of Directors: The Company's Board of Directors passed the "Regulations for Performance Evaluation of the Board of Directors" on December 16, 2019 and has executed the performance evaluation of the Board of Directors, individual Directors, and functional committees since 2020. Refer to the Board of Directors Evaluation Execution Status for details of the 2023 evaluation.

IV. Measures undertaken during the current year and most recent year to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:

1. Continue to make arrangements to report to the Directors regarding the dynamic development of the Company to allow the Directors to clearly understand the Company and the management team for the benefit of making professional and appropriate judgments.

2. Continue to improve the decision-making quality of the Audit Committee and urge the implementation department to reinforce the meeting procedures of the Audit Committee, allowing the content of the proposals submitted to the Audit Committee to be comprehensive and appropriate.

(II) Board of Directors Evaluation Execution Status

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Executed once a year	January 1, 2023 - December 31, 2023	Performance Evaluation of Board of Directors, Individual Board Members, The Audit Committee and Remuneration Committee.	"Board of Directors Performance Self-Evaluation Questionnaire" for Internal Self-evaluation of Board of Directors	The "Board of Directors Performance Self-Evaluation Questionnaire" measurement items include the five aspects of participation level in the Company's operation, an increase in decision making quality of the Board of Directors, composition and structure of the Board of Directors, election and continuing education of directors, and internal control.

< 2023 Board of Directors Performance Evaluation Result >

(1) Board of Directors as a whole:

Scope of Assessment	Number	Score
A. Level of participation in the Company's operations	12	25.4
B. Improvement of the quality of the Board of Directors' decision making	12	26.0
C. Composition and structure of the Board of Directors	7	15.0
D. Election and continuing education of Directors	7	14.4
E. Internal control	7	14.5
Total	45	95.3

(2) Individual Board Members:

Scope of Assessment	Number	Score
A. Knowledge of the goals and mission of the Company	3	12.8
B. Awareness of the duties of a Director	3	12.5
C. Level of participation in the Company's operations	8	32.6
D. Management of internal relationship and communication	3	12.0
E. Director’s professionalism and continuing education	3	11.9
F. Internal control	3	12.6
Total	23	94.3

(3) The Audit Committee:

Scope of Assessment	Number	Score
A. Level of participation in the Company's operations	4	17.6
B. Knowledge of the duties of The Audit Committee	5	21.2
C. Improvement of the quality of The Audit Committee’s decision making	7	30.0
D. Composition of The Audit Committee and election of its members	3	13.0
E. Internal control	3	12.4
Total	22	94.2

(4) Remuneration Committee:

Scope of Assessment	Number	Score
A. Level of participation in the Company's operations	4	19.7
B. Knowledge of the duties of Remuneration Committee	5	23.7
C. Improvement of the quality of Remuneration Committee ’s decision making	7	34.0
D. Composition of Remuneration Committee and election of its members	3	14.3
E. Internal control	1	4.3
Total	20	96.0

(III) Information on the operation status of the Audit Committee:

(1) The main function of the Audit Committee is to supervise the following matters:

- Fair presentation of the financial reports of the Company.
- Evaluation of the appointment (dismissal) of the CPA and his/her independence and performance.
- Effective implementation of the internal control system of the Company.
- Compliance with relevant laws and regulations by the Company.
- Management of the existing or potential risks of the Company.

(2) The powers of the Committee are as follows:

- Adoption or amendment of internal control systems pursuant to Article 14-1 of the Securities and Exchange Act.
- Evaluation of the effectiveness of internal control systems.
- Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- A matter involving the personal interest of Directors.
- A material asset or derivatives transaction.
- A major monetary loan, endorsement, or provision of guarantee.
- The offering, issuance, or private placement of equity-type securities.
- The hiring or dismissal of an attesting CPA, or the compensation given thereto.
- The appointment or discharge of a financial, accounting, or internal auditing officer.
- Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial personnel, and accounting officer.
- Any other material matter so required by the company or the Competent Authority.

(3) The Audit Committee of the Company has 3 members.

(4) Term of office: July 9, 2021 till the expiry of the term of the Board of Directors that appointed the members of the Committee. The Audit Committee convened 8 meetings (A) in the most recent year as of the publication date of the Annual Report. The qualifications and attendance of members are as follows:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (B/A) (%)	Remarks
Convener/ Independent Director	Shih-Ing Huang	8	0	100	Attendance required for 8 meetings
Independent Director	Hsiu-Ming Wang	8	0	100	Attendance required for 8 meetings

Independent Director	Yun-Hsiang Hsiao	8	0	100	Attendance required for 8 meetings

Other items to be stated:

I. The date of the meeting of the Audit Committee, the term, contents of the proposals, objections, qualified opinions, and important recommendations of Independent Directors, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be specified under any of the following circumstances in the operations of the Audit Committee.

(I) Items listed in Article 14-5 of the Securities and Exchange Act.

Audit Committee Date and Term	Proposal Content	Audit Committee Resolution	The Company's response to the opinions of the Audit Committee
February 3, 2023 1st term 16th meeting	1. Approved the amendment of "CT-08 Management of the Preparation Process of Financial Statements". 2. Passed the Company's Investment Project A.	Passed as proposed by all members of the Committee in attendance.	Passed as proposed by all members of the Board of Directors in attendance on February 3, 2023.
March 13, 2023 1st term 17 th meeting	1. Approved the Company's 2022 business report and financial statements. 2. Approved the Company's 2022 earnings distribution. 3. Approved the Company's 2022 "Statement on Internal Control System". 4. Approved the Company's buyback of shares for transfer to employees. 5. Approved the appointment of senior executives. 6. Approved the Company's Internal Control System Review Report.	Passed as proposed by all members of the Committee in attendance.	Passed as proposed by all members of the Board of Directors in attendance on March 13, 2023
May 4, 2023 1st term 18 th meeting	1. Approved the Q1 2023 consolidated financial statements. 2. Approved the appointment of senior executives.	Passed as proposed by all members of the Committee in attendance.	Passed as proposed by all members of the Board of Directors in attendance on May 4, 2023
August. 8, 2023 1st term 19 th meeting	Approved the Q2 2023 consolidated financial statements.	Passed as proposed by all members of the Committee in attendance.	Passed as proposed by all members of the Board of Directors in attendance on August. 8, 2023

October 31, 2023 1st term 20 th meeting	Approved the Q3 2023 consolidated financial statements.	Passed as proposed by all members of the Committee in attendance.	Passed as proposed by all members of the Board of Directors in attendance on October. 31, 2023
December. 20, 2023 1st term 21 st meeting	1. Approved the 2024 audit plan. 2. Approved the Company's 2024 budget. 3. Approved the Company's 2024 bank financing contract. 4. Approved the evaluation of the independence and competence of the Company's certifying CPAs. 5. Approved the proposal for the Company's appointment of the CPA firm for 2024 and its remuneration. 6. Approved the "Rules Governing Financial and Business Matters with Related Parties". 7. Approved the appointment of Auditor.	Passed as proposed by all members of the Committee in attendance.	Passed as proposed by all members of the Board of Directors in attendance on December. 20, 2023
February 29, 2024 1st term 22 nd meeting	1. Approved the Company's 2023 business report and financial statements. 2. Approved the Company's 2023 "Statement on Internal Control System". 3. Approved the Company's Proposal for Capital Reduction	Passed as proposed by all members of the Committee in attendance.	Passed as proposed by all members of the Board of Directors in attendance on Feb. 29, 2024
March 13, 2024 1st term 23 rd meeting	1. Approved the Company's 2023 Fiscal Year earnings distribution as cash dividends. 2. Approved the Company's 2023 earnings distribution. 3. Approved the Company's buyback of shares for transfer to employees.	Passed as proposed by all members of the Committee in attendance.	Passed as proposed by all members of the Board of Directors in attendance on March 13, 2024

(II) Except for the aforementioned matters, other resolutions which were not approved by the Audit Committee but passed in a resolution by more than two thirds of all Directors: None.

II. For the recusal of Independent Directors to motions due to conflicts of interests, the name of the Independent Director, content of the motion, reason for recusal, and participation of the resolution shall be listed: No such circumstances.

III. Communications between the Independent Directors, the Company's chief internal auditor and CPAs (information should include the material items, methods and results of audits of corporate finance or operations, etc.).

1. The chief auditor submitted an audit report to the Independent Directors in the month after the completion of the audit of items and attended the regular Audit Committee meeting to report the auditing matters. No Independent Director expressed dissent.
2. Communication between Independent Directors and the Company's chief internal auditor is as follows:

Audit Committee Date and Term	Communication Item	Communication Results
March 13, 2023 1st term 17th meeting	Audit report.	Acknowledged by all Independent Directors in attendance
	2023 "Statement of Internal Control System".	Reviewed and passed by all Independent Directors, and submitted to the Board of Directors for resolution
May 4, 2023 1st term 18th meeting	Audit report.	Acknowledged by all Independent Directors in attendance
August 8, 2023 1st term 19th meeting	Audit report.	Acknowledged by all Independent Directors in attendance
October 31, 2023 1st term 20th meeting	Audit report.	Acknowledged by all Independent Directors in attendance

(IV) Status of corporate governance, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations

Scope of Assessment	Status			Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
I. Has the Company established and disclosed the governance practice principles according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has approved the amendment of the "Corporate Governance Best Practice Principles" in the 22nd meeting of the 9th Board of Directors' Meeting (February 3, 2023) and has disclosed it in the Market Observation Post System and on the Stakeholders section of the Company's website.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
II. Equity structure and shareholders' rights of the Company (I) Has the Company defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and implemented the procedure? (II) Does the Company have the list of the major shareholders who actually control the Company and the persons who control the major shareholders?	✓ ✓		(I) The Group has established the shareholder service and spokesperson systems. The spokesperson or the acting spokesperson will handle the suggestions, questions, and disputes from the shareholders. Relevant matters have been handled in accordance with the internal operating procedures. (II) The Group reports on a monthly basis any change of the shareholding status of the Directors, Supervisors, managerial personnel, and shareholders who hold more than 10% of the shares in the Market Observation Post System designated by the competent authority according to Article 25 of the Securities and Exchange Act.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(III) Has the Company established or implemented some risk control and firewall mechanisms between the Company and its affiliates?	✓		(III) The Group has established the "Regulations Governing Operations Related to Financial Transactions with Affiliated Companies" to ensure sound financial transactions with affiliated companies and the prevention of any abnormality or	

			improper transfer of benefits between affiliated companies in sales and purchasing transactions, acquisition and disposal of assets, endorsements and guarantees, and loans.	
(IV) Has the Company established internal regulations to prohibit Company insiders from using information not available to the market to trade securities?	✓		(IV) We have established the "Management Procedures for Prevention of Insider Trading" and "Code of Ethical Conduct for Directors and Managers" to prohibit Company insiders from using information not available to the market to trade securities. Insiders of the Company may not trade shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. They also serve as the basis for the handling and disclosing mechanism of our important information to prevent the occurrence of insider trading.	
III. Composition and responsibilities of Board of Directors (I) Has the Company formulated a policy of diversity for the formation of the Board of Directors and implemented it thoroughly?	✓		(I) The Group has specified the board member composition diversity policy in the "Corporate Governance Best-Practice Principles," and the Company elects directors with the knowledge, skills, and qualifications necessary for execution of duties according to the professional background and field. All board members are elites from the industry and academic sectors such that in addition to sufficient experience in corporate governance and industrial technologies, they also have expertise in finance, financial affairs, and accounting. Board members attend board meetings and perform	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

			supervision and understand the execution of operational plans. Please refer to "Diversity and independence of the Board of Directors" on page 15 for the Company's specific management targets and implementation status.	
(II) Is the Company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?		✓	(II) The Group has established the Remuneration Committee, and established the Audit Committee after the election of the Directors in the shareholders' meeting in 2021. The Company shall establish other functional committees based on future requirements.	
(III) Has the Company established guidelines for evaluating the performance of the Board of Directors and conducted regular performance evaluations every year? Does the Company submit results of evaluations to the Board of Directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓		(III) To improve the function and operation efficiency of the Board of Directors, the Board of Directors passed the "Regulations for Performance Evaluation of Board of Directors" on December 16, 2019, specifying that the performance evaluation must be completed before the end of the first quarter of the following year. The performance evaluation report of the Board of Directors, individual Directors, and functional committees for 2023 was reported to the 31st meeting of the 9th Board of Directors. Refer to "Board of Directors Evaluation Execution Status" for details.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(IV) Does the Company assess the CPAs for their independence on a regular basis?	✓		(IV) The Company evaluates the independence and competence of the CPAs regularly every year, examining whether they are shareholders or have received a salary from the Company to	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

			ensure they are not our stakeholders. We also ensure that they are not involved in any lawsuit. The Company also obtains the declaration of independence and Audit Quality Indicators (AQIs) issued by the CPA. The financial and accounting department of the Company conducts the preliminary review on the independence and competence of the CPAs, and it is then reported to the Board of Directors for approval. CPAs are replaced periodically based on the adjustments of the accounting firm. Refer to Appendix 1 for the 2023 evaluation procedures.	
IV. Does the TWSE/TPEx listed company set up designated (concurrent) corporate governance units or personnel responsible for related matters (including but not limited to providing information required for Directors and Supervisors to perform their duties, handling matters related to Board of Directors' and shareholders' meetings, dealing with company and change registration, and making minutes of the Board of Directors' and shareholders' meetings, etc.)?	✓		The Group resolved in the 11th meeting of the 9th Board of Directors on November 9, 2021 to appoint Chiao-Pei Mai as the Corporate Governance Officer to take charge of related corporate governance affairs. The main responsibilities include handling matters related to Board of Directors' meetings and shareholders' meetings according to the laws, preparing meeting minutes of the Board of Directors' meetings and shareholders' meetings, assisting assumption of office and continuing education of Directors, providing documents necessary for Directors to perform duties, assisting Directors in legal compliance, and enhancing the functions of the Board of Directors.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

V. Does the Company establish channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), design special web pages for the stakeholders on the website, and appropriately respond to important CSR issues of interest to the stakeholders?	✓		The Group has appointed a spokesperson, acting spokesperson, and shareholder service personnel. We also publish contact information on our website to communicate directly with stakeholders, providing them knowledge on our operational status. The "Stakeholder" page was set up on the Company's website.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
VI. Does the Company commission a professional registrar to deal with the affairs of shareholders' meetings?	✓		The Group entrusted the professional stock affairs to the Stock Affairs Agency Department of Yuanta Securities Co., Ltd. (Tel: (02) 2586-5859, Address: B1, No. 210, Sec. 3, Chengde Rd., Datung Dist., Taipei City) to handle various stock affairs on behalf of the Company.	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
VII. Information disclosure (I) Has the Company built a website to disclose the financial and corporate governance information of the Company?	✓		(I) The Group has set up a website to disclose financial and corporate governance information. URL of the Company's website: http://www.csi-sensor.com.tw	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies
(II) Does the Company use other information disclosure methods (e.g., English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and the broadcasting of investor conferences via the company website)? (III) Does the Company publish and report its annual financial report within two months after the end of a fiscal	✓ 	 ✓	(II) The Group has established an English website (http://www.csi-sensor.com.tw/index.php/en). We also designated personnel responsible for collecting and announcing all kinds of information and implement the spokesperson system. (III) The Group publicly announces and reports the annual financial statements (within three months), the first, second, and third	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies There are minor deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" but the

year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month ahead of schedule before the specified deadline?			quarter financial statements (within 75 days) and the business status of each month (before the 10th of each month) according to the time limits specified in Article 36 of the Securities and Exchange Act. Presently, the Group is temporarily unable to publicly announce and report the annual financial report within two months after each fiscal year. The 2023 financial statements have been publicly announced and reported on March 13, 2024.	Company meets the requirements set in the Securities and Exchange Act.
VIII. Does the Company have additional important information that is helpful to understand the operation of the corporate governance (including but not limited to the interests and care of employees, investor relationships, supplier relationships, rights of stakeholders, continuing education of Directors and Supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies, and liability insurance coverage for Directors and Supervisors)?	✓		(1) Employee interests and care of employees: We have always treated our employees sincerely. We have developed positive relationships with our employees through all kinds of employee welfare measures and training courses. Please refer to the “Relations Between Laborers and Employer” of this annual report for details. (2) Investor Relations: The Company set up the investor relations page on its website to provide access to information of the Group to investors. We also have set up a spokesperson mailbox to process shareholders’ suggestions. (3) Supplier relations: The Company always maintains a good relationship with suppliers. (4) Rights of stakeholders: Stakeholders can communicate with the Company and provide advice to protect their legal rights. (5) Continuing Education for Directors and Supervisors: The Directors and Supervisors have taken continuing education courses in accordance with the “Directions for the	In compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies

			Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEx Listed Companies" (Note). (6) Implementation status of risk management policies and risk assessment standards: Please refer to the "Risk Assessment Evaluation" description of this annual report for details. (7) Implementation of customer policies: We always maintain stable and good relationships with our customers to create profits for the Company. (8) Liability insurance coverage for Directors and Supervisors: The Company has bought liability insurance for all Directors and Supervisors.	
IX. Please specify the status of the improvement made, based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified. (Not required, if the Company is not included in the companies to be evaluated.) In 2023, the status of improvements already made by the Company was as follows:(1) Improve information disclosure: The annual shareholders' meeting will be convened at the end of May, and the Company uploaded the annual report and meeting handbook in both Chinese in English in advance, (2) concurrently announce the material information in English, and (3) formulated the operating rules between related parties. The Company will continue to improve its sustainable development in the hope of complying with the spirit of sustainable corporate development.				

Note:1. Directors and Supervisors' Continuing Education in 2023

Title	Name	Course date	Organizing agency	Course name	Course hours
Chairman	Yu-Jen Huang	December 19, 2023	Taiwan Corporate Governance Association	Practical Issues of Non-regular Transactions Requiring Attention of Directors and Supervisors	3
		December 27, 2023	Taiwan Independent Director Association	AI Safety of Digital Transformation and Supervisory Regulation Trends and Development	3
Vice Chairman	Chi-Chang Yang	December 19, 2023	Taiwan Corporate Governance Association	Practical Issues of Non-regular Transactions Requiring Attention of Directors and Supervisors	3
		December 27, 2023	Taiwan Independent Director Association	AI Safety of Digital Transformation and Supervisory Regulation Trends and Development	3
Director	Chih-Sheng Hou	August 8, 2023	Taiwan Institute of Directors	Macroeconomy in Taiwan: Inflation, Increases in Interest Rates, and Economic Development in the US	3
		December 27, 2023	Taiwan Independent Director Association	AI Safety of Digital Transformation and Supervisory Regulation Trends and Development	3
Director	Mu-Yao Ku	December 19, 2023	Taiwan Corporate Governance Association	Practical Issues of Non-regular Transactions Requiring Attention of Directors and Supervisors	3
		December 27, 2023	Taiwan Independent Director Association	AI Safety of Digital Transformation and Supervisory Regulation Trends and Development	3
Independent Director	Shih-Ing Huang	Aprial 27, 2023	Taiwan Stock Exchange	Listed Company Sustainable Development Action Plan Conference	3

		May 26, 2023	Environmental Protection Administration, Executive Yuan	Jointly Create Sustainability with Green Chemicals	3
Independent Director	Hsiu-Ming Wang	May 4 2023	Taiwan Corporate Governance Association	Insider Trading Control and Countermeasures	3
		Augest 8, 2023	Taiwan Corporate Governance Association	Legal Matters That the Board of Directors Shall Understand for Enterprise Supervision: Be Aware of the Involvement in Concerted Actions by Mistake	3
Independent Director	Yun-Hsiang Hsiao	October 13, 2023	Taiwan Project Management Association	From Environmental Sustainability to Economic Sustainability: Current Status of Sustainable Financial Development and Future Challenges	3
		October 20, 2023	Taiwan Corporate Governance Association	Distance Between Climate Change and Us	3

2. Continuing education of managerial personnel

Title	Name	Course date	Organizing agency	Course name	Course hours
Senior Manager	Chien-Chung Hung	December 7 to 8, 2023	Accounting Research and Development Foundation	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
		December 19, 2023	Taiwan Corporate Governance Association	Practical Issues of Non-regular Transactions Requiring Attention of Directors and Supervisors	3
		December 27, 2023	Taiwan Independent Director Association	AI Safety of Digital Transformation and Supervisory Regulation Trends and Development	3
Manager	Chi-Ping Lin	December 2 to 13, 2023	Accounting Research and Development Foundation	Advanced Course for 1st Term Chief Accountant of Issuers, Securities Dealers, and Stock Exchange	30
		December 19, 2023	Taiwan Corporate Governance Association	Practical Issues of Non-regular Transactions Requiring Attention of Directors and Supervisors	3
Corporate Governance Officer	Chiao-Pei Mai	July 8, 2023	Taiwan Corporate Governance Association	Corporate Governance 3.0 "Sustainability Report" Practice Analysis	3
		October 4, 2023	Taiwan Corporate Governance Association	How Does the Board of Directors Establish the ESG/Sustainable Governance Strategies	3
		Novembr 30, 2023	Accounting Research and Development Foundation	The Latest "Sustainable Development Action Plan" and Practice Analysis for Effects of Net Zero Carbon Emissions on Financial Statements	6
		December 27, 2023	Taiwan Independent Director Association	AI Safety of Digital Transformation and Supervisory Regulation Trends and Development	3

Appendix 1: Report on the Evaluation of the independence and competence of the Company's certifying CPAs

According to the regulations in the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company is required to evaluate the independence and competence of CPAs periodically (once every year). The Company thus evaluated the independence and competence of CPAs Po-Chuan Lin and Chun-Yao Lin of PwC Taiwan and did not discover any matter that may affect the independence and competence of the certifying CPAs.

Evaluation of the independence and competence of the Company's certifying CPAs are as follows:

I. Independence evaluation					
Item No.	Evaluation content	Yes	No	Not applicable	Remarks
01	Does the CPA, or the spouse or a minor child thereof, have an investment relationship with the Company?	V			
02	The CPA, or the spouse or a minor child thereof, does not engage in financing or guarantee related to the Company.	V			
03	The CPA or members of the audit service team do not have shareholding or investment relationship with the Company.	V			Verified by the Company and the shareholder stock affairs service provider in December 2023.
04	The CPA or members of the audit service team do not serve as the Company's Director, Supervisor, managerial personnel, or positions that may have significant impact on the audit.	V			The Company obtained the Independence Statement issued by the certifying CPAs of PwC Taiwan and the results are specified therein in December 2023.
05	The CPA or members of the audit service team do not act as an intermediary for the stocks or other securities issued by the Company.	V			
06	The CPA or members of the audit service team do not serve as a defense counsel of the Company or represents the Company in mediating conflicts with third parties.	V			
07	The CPA or members of the audit service team do not have familial relationships with the Company's Director, Supervisor, managerial personnel, or personnel in positions that may have significant impact on the audit.	V			
08	No CPA in the same CPA firm that has	V			

	resigned within the past year has served as the Company's Director, Supervisor, managerial personnel, or other positions that may have significant impact on the audit.				
09	The CPA or members of the audit service team have not received gifts of significant value or special preferential treatment from the Company, its managerial personnel, or major shareholders.	V			
10	The CPA has not engaged in routine work at the Company or received fixed salary from the Company.	V			
11	The CPA has recused him/herself and declined to provide service if he/she has a direct or significant indirect relationship with or interest in a matter he/she is appointed to perform that may affect his/her fairness and independence.			V	There have been no cases where the CPA has a direct or significant indirect relationship with or interest in a matter he/she is appointed to perform that may affect his/her fairness and independence.
12	The CPA has not provided auditing services to the Company for a duration of more than seven consecutive years.	V			CPA Po-Chuan Lin is providing services for the second year this year and CPA Chun-Yao Lin is providing services for the fifth year this year. No such conditions occurred.
I. Independence evaluation					
Item No.	Evaluation content	Yes	No	Not applicable	Remarks
13	Members of the audit service team, other CPAs of the firm, shareholders of the firm, the firm, and the affiliate enterprises or joint CPA firms of the firm have also maintained independence from the Company.	V			
14	The Company has obtained the formal written independence report produced by the certifying CPA firm.	V			PwC Taiwan issued the Independence Statement on December 20, 2023.
15	The CPA maintains a fair and objective attitude when providing professional services and prevents bias or conflicts of interest from affecting his/her professional judgment.	V			
16	The CPA's firm does not have business	V			

	collaboration relationships with the Company's Group.				
17	The CPA's firm does not have litigation relationships with the Company's Group?	V			
II. Competence evaluation					
Item No.	Evaluation content	Yes	No	Not applicable	Remarks
01	The CPA has not been disciplined by the CPA Discipline Committee in the last two years. The CPA firm is not currently involved or has been involved in significant litigation in the last two years.	V			
02	The CPA has the expertise to provide professional advice and training services to the firm and provides information on regulatory updates in a timely manner.	V			The CPA has the expertise to provide consultation and training services to the firm.
03	The CPA has the experience and expertise in the relevant industry sector to perform his or her duties.	V			The CPA has several years of audit experience and expertise in the relevant industry sector.
04	The CPA firm has sufficient scale, resources, and regional coverage to process corporate audit services and meet the auditing requirements of the Company.	V			PwC Taiwan is one of the top four accounting firms in China. It has an excellent reputation and currently has no significant litigation.
05	The CPA firm has created specific quality control procedures to ensure the quality of financial reports.	V			PwC Taiwan implements strict quality control policies to ensure quality.
06	The CPA firm and its personnel have performed their confidentiality obligations with respect to the Company's confidential information, particularly personal information.	V			The firm and its personnel have fulfilled their confidentiality obligations and there have been no related disputes.
Overall evaluation conclusion: **Based on the aforementioned evaluation results, there has been no incident that affected the independence and competence of the Company's certifying CPAs.**					

(IV) If the Company has established the Remuneration Committee, the composition, responsibilities, and operations of the Remuneration Committee shall be disclosed

1. Information about members of the Remuneration Committee

Title	Name	Professional qualifications and experience	Compliance with Independence Criteria	Number of positions as a Remuneration Committee Member in other public listed companies
Independent Director (Convener)	Hsiu-Ming Wang	Please refer to "Disclosure of information on the professional qualifications of Directors and independence of Independent Directors" on page 12.		1
Independent Director	Shih-Ing Huang			2
Independent Director	Yun-Hsiang Hsiao			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 the operation status of the Remuneration Committee

I. The Company’s 5th Remuneration Committee consists of 3 members.

II. The term of the current members: From July 9, 2021 to the expiration date of the term of office of the appointee in such term of board of directors. The Remuneration Committee of this term convened 4 meetings (A) in 2023 and the qualification of the members and their attendance status are described below:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A)	Remarks

Convener	Hsiu-Ming Wang	4	0	100%	Attendance required for 4 meetings
Committee Member	Shih-Ing Huang	4	0	100%	Attendance required for 4 meetings
Committee Member	Yun-Hsiang Hsiao	4	0	100%	Attendance required for 4 meetings
Other items to be stated: I. If the Board of directors does not adopt or revise the Remuneration Committee's proposals, date, period, motion contents, and resolution decisions of the board meeting as well as the method in which the Company handles the Remuneration Committee's opinions shall be disclosed in detail (e.g., if the salary rate passed by the Board of Directors is superior to that proposed by the remuneration committee, the differences and reasons shall be explained): None. II. If the members of the Remuneration Committee have any dissenting opinion or qualified opinions on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions should be stated: None.					

Remuneration Committee	Committee Member in Attendance	Proposal Content and Subsequent Handling	Resolution	Response to the Opinions of the Remuneration Committee
5th term 8th meeting March 13, 2023	Hsiu-Ming Wang, Convener Shih-Ing Huang, Committee Member Yun-Hsiang Hsiao, Committee Member	1. The Company's 2022 remuneration distribution proposal for Directors and employees was filed for discussion. 2. The proposal for the review of the buyback and transfer of treasury stock to managers and employees was filed for discussion. 3. The proposal for the "talent retention incentive" to the Company's managers was filed for discussion. 4. The recommendation of the salary and remuneration for the Company's Accounting Manager was filed for discussion.	Proposal approved by all members of the Committee.	Submitted to the Board of Directors' meeting and approved by all attending Directors.
5th term 9th meeting	Hsiu-Ming Wang,	Report: The comparison between	Acknowledged by all members of	-

December 20, 2023	Convener Shih-Ing Huang, Committee Member Yun-Hsiang Hsiao, Committee Member	the business performance of the Company and the remuneration of managers and Directors within the industry/market in 2022.	the Committee.	
5th term 10th meeting January 25, 2024	Hsiu-Ming Wang, Convener Shih-Ing Huang, Committee Member Yun-Hsiang Hsiao, Committee Member	1. The Company's 2022 remuneration distribution status for Directors was filed for discussion. 2. The Company's 2022 remuneration distribution proposal from earnings for managers was filed for discussion. 3. The Company's 2023 year-end bonus proposal for managers and employees was filed for discussion.	Submitted to the Board of Directors' meeting and approved by all attending Directors.	Submitted to the Board of Directors' meeting and approved by all attending Directors.
5th term 11st meeting March 13, 2024	Hsiu-Ming Wang, Convener Shih-Ing Huang, Committee Member Yun-Hsiang Hsiao, Committee Member	1.The proposal for the 2023 distribution of remuneration of employees and remuneration of Directors of the Company was filed for discussion. 2.The proposal for the review of the buyback and transfer of treasury stock to managers and employees was filed for discussion. 3.The proposal for the "talent retention incentive bonuses" for managers was filed for discussion. 4.The proposal for the amendment to the Company's "Regulations for the Distribution of Directors' Remuneration" was filed for discussion.	Submitted to the Board of Directors' meeting and approved by all attending Directors.	Submitted to the Board of Directors' meeting and approved by all attending Directors.

(V) Discrepancies between the implementation of social responsibility status and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Implementation Item	Implementation Status			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
I. Has the Company set up a governance structure for sustainable development, established an exclusively (or concurrently) dedicated unit to implement sustainable development, and have senior executives appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?		✓	I. The Group has not yet set up a dedicated unit to implement sustainable development. For now, each department promotes sustainable development within the scope of its functions.	Setup depending on the operation status and scale of the Company
II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?		✓	II. Currently, the Group has only established the environmental analysis and risk control procedures to perform the analysis of the Company's operational environmental internal and external factors, and the identification of risks and opportunities.	Setup depending on the operation status and scale of the Company
III. Environmental issues (I) Has the Company established environmental policies suitable for characteristics of the industry?	✓		(I) The Group does not have any production activity in Taiwan. The production activity of oversea subsidiaries in China have passed all the inspections conducted by the environmental agencies and no air, water, waste, poison, noise and other hazardous elements that damage the environment are produced. The department that is responsible for the matters related to environmental management regularly reviews on whether the Company complies with related environmental regulations.	In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

<table>
<tr>
<td>(II) Is the Company committed to improving the efficiency of the use of resources and using recycled materials which have a low impact on the environment?</td>
<td>✓</td>
<td></td>
<td>(II) The Group endeavors to promote the efficient use of available resources. We also sort, recycle, and reduce waste to increase the environmental awareness for protecting the Earth.</td>
<td></td>
</tr>
<tr>
<td>(III) Does the company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?</td>
<td>✓</td>
<td></td>
<td>(III) The Group's air conditioner system has a timer setting, and the subsidiaries overseas set up the operating regulations based on temperature. We also encourage employees to save energy and reduce carbon emissions by turning off lights when leaving and recycling waste.</td>
<td></td>
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<tr>
<td>(IV) Has the Company analyzed the statistics of greenhouse gas emission, water usage and waste total weight over the past years, and has the Company established policies for energy saving, carbon reduction, greenhouse emission reduction, reduction of water usage or other waste management?</td>
<td>✓</td>
<td></td>
<td>(IV) The Company complies with the document and record preservation requirements of the ISO 14064-1:2018 and its GHG inventory management operation.
1. GHG emissions in the most recent two years were as follows:
Unit: tCO2e
<table>
<tr><td rowspan="2">Scope</td><td>2022</td><td>2023</td></tr>
<tr><td>Parent company</td><td>Parent company</td></tr>
<tr><td>Scope1</td><td>25.4329</td><td>12.8761</td></tr>
<tr><td>Scope2</td><td>123.8966</td><td>127.7429</td></tr>
<tr><td>Scope3</td><td colspan="2">The GHG inventory of the Company is focused on the information on Scope 1 and Scope 2 at present.</td></tr>
</table>
2. The water consumption in the most recent two years was as follows:
Unit: m^3
<table>
<tr><td>Item</td><td>2022</td><td>2023</td></tr>
<tr><td>Water consumption</td><td>0.9079612</td><td>0.837048</td></tr>
</table>
3. The total weight of waste in the most recent two years was as follows:</td>
<td></td>
</tr>
</table>

<table>
<tr><td></td><td></td><td></td><td>Unit: ton
<table><tr><th>Item</th><th>2022</th><th>2023</th></tr><tr><td>General business waste</td><td>0.0019</td><td>-</td></tr><tr><td>General waste</td><td>25.232</td><td>24.9039</td></tr></table>Reduction strategy of the Company:
The Company focuses on energy conservation, and the GHG emissions from the Taipei Plant were primarily from electricity.
(1) Starting in 2007, we turned off the lights for one hour during the lunch break on a daily basis.
(2) In 2013, we complied with the office standard illuminance of approximately 500 to 1,000 Lux and reduced the number of lights.
(3) Since 2017, we implemented self-prepared reusable chopsticks in response to environmental protection.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Does the Company develop management policies in accordance with relevant regulations and international human rights conventions?</td><td>✓</td><td></td><td>(I) The Company supports and voluntarily complies with the United Nations Universal Declaration of Human Rights, United Nations Global Compact, Conventions of the International Labour Organization, and other international human rights conventions to fulfill corporate social responsibilities and protect the basic human rights of employees, suppliers, and partners. We prohibit all infringements and violations of human rights to ensure that all individuals receive fair and dignified treatment. We comply with labor regulations of the places of operations, establish human rights protection and labor policies, and implement related measures to protect the legal rights of employees. We offer equitable and fair opportunities for employment, remuneration and benefits, training, performance evaluation, and promotions. We also provide effective and suitable complaint mechanisms to prevent and respond</td><td>In compliance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies</td></tr>
</table>

			to issues that harm employee rights and interests. We organize human rights training to enhance and improve the human rights awareness of employees and stakeholders.	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave and other welfare etc.), and has the Company appropriately reflected the operation performance or outcome in the remuneration of employees?	✓		(II) The Company has established the work rules and relevant personnel management regulations to specifically regulate the remuneration, working hours, leave, pension payment, labor and health insurance payment, occupational disaster compensation etc. for employees in compliance with the labor law. in addition, the Company also established the Employee Welfare Committee to handle welfare affairs. For basic-level employees within the same job level, the employment packages adopted by the Company are equivalent. In addition, for employees with relevant professions and work experiences, the Company approves their packages based on the educational background, work experience, expertise, and certificates of employees, and there is no difference due to gender or group. Since the establishment of the Company, it had not employed child labor, and there was no labor-capital dispute, corruption, bribery, forced labor, or discrimination; there had been no event involving the infringement of employees' rights. The Company established its "Measures of Prevention of Sexual Harassment at Workplace," prohibited sexual harassment at the workplace, and provided employees and job candidates a work environment free of sexual harassment. It also implemented the "Directions for Prevention and Management of Unlawful Infringement in the Performance of Duties" and "Measures for the Report on Illegal, Immoral, or Unethical Conduct" to	

			provide complaint channels when the rights and interests are harmed or inappropriately disposed of. Female employees account for approximately 41% of the employees and 25% of senior executives. The performance bonus system of the Company is linked to the contribution of an individual to the Company and to the overall business operation in order to provide reasonable incentives and rewards.	
(III) Does the Company provide a safe and healthy work environment for its employees? Does the Company regularly provide its employees with safety and health education?	✓		(III) The Group established the “Safety and Health Work Rules” and other regulations and operating procedures. We commission external contractors to implement monthly labor safety and health inspections, biannual drinking water inspection, and annual lighting, fire control, carbon dioxide detection, fire escape drill and thorough sterilization of the working environment regularly to provide a safe and healthy working environment for employees. We also organize staff health checkups and educational training on labor safety and health every year. The number of occupational accidents in the company in 2023 was 0, the number of employees was 0, and the ratio of occupational accidents to the total number of employees was 0%. Our company regularly holds safety and health on-the-job education training in July every year and provides a safe working environment. The number of fires in the company in 2023 was 0, the number of casualties was 0, and the ratio of casualties to the total number of employees was 0%. Our company routinely inspects and improves fire protection equipment in November every year, and regularly holds fire first aid training courses in the third quarter to enhance colleagues' fire protection knowledge.	

(IV) Has the Company established effective career development training plans for employees?	✓		(IV) The Group organizes supervisor training and courses that help improve their core and professional ability. Related course information is announced on the real time electronic bulletin board for employees to make suitable plans for their career development.	
(V) Has the Company complied with laws and international standards with regards to the customer health and safety of products and services, customer privacy, marketing and labeling of products and services, and has the Company established policies and reporting procedure related to consumer right and benefit protection?	✓		(V) The Group has fully introduced the EU Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS). All of our products comply with the RoHS regulations, ISO14001 and related REACH regulations. Moreover, our suppliers have also established regulations in line with the RoHS and dedicated themselves to promoting corporate social responsibility with us. The Group's website provides information on our products and service, and we have also designated personnel and an email account serving as channels for receiving customer complaints.	
(VI) Has the company established supplier management policy, requested suppliers to comply with relevant regulations with regards to the issues of the environmental protection, occupational safety and health or labor rights etc. and the implementation status thereof?	✓		(VI) All suppliers of the Group follow the corporate social responsibility policies and we request improvement if any supplier creates a significant impact on the environment and society. We request them to improve and to assign the Electronic Industry Citizenship Coalition (EICC) team to perform periodic evaluations of suppliers.	
V. Has the company stipulated standards or guidelines according to internationally accepted reporting standards or guidelines, prepared sustainability report, and other reports for disclosing non-financial information of the Company? Has the Company obtained assurance from a third-party verification unit for the aforementioned reports?		✓	V. The Group has not yet prepared a sustainability report and will proceed depending on the operation status and scale of the Company.	Setup depending on the operation status and scale of the Company

VI. If the Company has established sustainable development principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" please describe any discrepancy between the principles and their implementation: None.
VII. Other information material to the understanding of sustainable development practices: 1. Environmental protection: The Group has obtained ISO14001 environmental management system certification. Our environment policies are: (1) Following and complying with environmental laws and other requirements. (2) Promoting recycling and reuse of resources, and endeavoring to reduce industrial waste to prevent pollution. (3) Reducing the use of hazardous materials, being thorough on pollution control and management, and endeavoring on the design and manufacturing of green products. (4) Preventing accidents and disasters and enhancing disaster prevention drill. Moreover, we take measures such as waste recycling and reduction and conservation of water and electricity to increase the environmental awareness for protecting the Earth. 2. Community participation, society contribution, and social service and welfare: In 2023, the Group donated and sponsored the Epoch Foundation, Taichung Haibo Education and Culture Association, Youngsun Foundation, Taichung City New Generation Youth Development Association, and Teco Technology Foundation. 3. Consumers' rights: We have designated personnel to provide product consulting and assistance for each costumer to maintain a stable and positive relationship with the costumers. 4. Human rights: We established the "Measures of Prevention, Correction and Punishment of Sexual Harassment" to defend gender equality and human dignity, and reported it to the competent authority for reference. 5. Safety and health: The Group established the "Safety and Health Work Rules" and other regulations and operating procedures. We commission external contractors to implement monthly labor safety and health inspections, biannual drinking water inspection, and annual lighting, fire control and carbon dioxide detection, and thorough sterilization of the working environment regularly to provide a safe and healthy working environment for employees. We also organize staff health checkups and educational training on labor safety and health every year.

(VI)TWSE (TPEx) Listed Company Climate-related Information

1. Implementation status of climate-related information

Item	Implementation status
1. Describe the supervision and governance of climate-related risks and opportunities by the Board and the management.	The Company is committed to the energy utilization within the areas under its control and the performance of the GHG inventory to exhibit the Company's attention attached to the level of impact on the environment and climate caused by global warming arising from GHG emissions. To pursue the target of sustainable corporate operations, the Company will duly fulfill its corporate social responsibility and the requirements of environmental regulations promulgated by the government. The Company will duly implement the policy and allow employees to understand the policy and actively adopt effective and supportive actions. The Company commenced the performance of GHG inventory in 2023 and carried out relevant
2. Describe the effects of climate risks and opportunities identified on the Company's business, strategy, and finance (short-, mid-, and long-term).	
3. Describe the impact of extreme weather events and transformation actions on finance.	
4. Describe the incorporation method of the identification, evaluation, and management procedures of climate risks in the overall risk management system.	
5. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors used, and major financial impacts shall be specified.	

6. If there is a transformation plan in response to the management of climate-related risks, the content of the plan and the indicators and targets used to identify and manage physical risks and transformation risks shall be specified.	operations according to the established timetable. It completed the GHG emissions calculation as scheduled, and the first GHG Inventory and Report were completed. At present, our operation implementation focuses on the formulation of the internal verification plan.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be specified.	
8. If climate-related goals are set, the activities covered, the scope of GHG emissions, the planned period, and the progress of each year shall specified; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, the source and quantity of carbon reduction credits or quantity of RECs used for exchange shall be specified.	
9. GHG inventory and assurance status, as well as reduction targets, strategies, and substantial action plans (otherwise indicated in 1-1 and 1-2).	

1-1 The Company's GHG inventory and assurance status in the most recent two years

1-1-1 GHG inventory information The GHG emissions in the most recent two years were as follows:

Unit: tCO2e

Scope	2022		2023	
	Parent company		Parent company	
Scope 1	Total emissions	Intensity (Note 1)	Total emissions	Intensity (Note 1)
Scope 2	25.4329	0.0060	12.8761	0.0042
Scope 3	123.8966	0.0291	127.7429	0.0418
	The GHG inventory of the Company is focused on the information on Scope 1 and Scope 2 at present.			

Note 1: The calculation of GHG emissions intensity is based on the data calculated at total emissions/turnover (NT$ million).

1-1-2 Information on GHG assurance：None.

1-2 GHG reduction targets, strategies, and substantial action plans

The Company adopted 2022 as the base year for inventory and carried out the inventory based on the ISO14064-1：2018 for the first year. The Company adheres to the philosophy of sustainable operation and continues to improve. To effectively use resources and duly fulfill corporate social responsibility, its GHG emissions were primarily from indirect emissions from energy for the year of inventory.

The Company focuses on energy conservation and promotes the following energy-saving and carbon reduction strategies and substantial action plans for GHG reduction. The estimated reduction target is 10%, and it has achieved a reduction of 3% at present.

(VII) Deviations from "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and reasons
	Yes	No	Summary	
I. Enactment of ethical management policy and program (I) Has the Company established ethical management policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the Board of Directors and the management committed in fulfilling this commitment?	✓		(I) The Group has resolved at 19th meeting of the 8th Board of Directors to establish the "Corporate Ethical Management Best-Practice Principles" and disclosed the same on the MOPS and the Company's website.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(II) Has the Company established assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering the preventive measures for the conducts described in each subparagraph of Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?"	✓		(II) The Group has established the "Work Rules" and a series of ethical systems requiring that employees shall not accept money or financial gift from customers or suppliers, and any employee violating the Rules under the circumstance deemed material, the Company may discharge the employee without prior notice and the employee should indemnify the Company against the loss therefor.	
(III) Has the Company established any operational procedures, behavioral guidelines, disciplinary actions and complaint systems in the plan for preventing unethical conducts, and is such plan implemented properly? In addition, is the aforementioned plan reviewed	✓		(III) The Group's "Work Rules," "Business Secrets Management egulations," and "Reward & Punishment Rules" have defined the policy against unethical conduct. The Company's overseas	

periodically before amendment?			subsidiaries also established the same and performed employees' educational training and promotion periodically to enable the employees to understand the Company's determination, policy and preventive program for ethical management, and the consequence of unethical conduct.	
II. Implementation of ethical management (I) Has the Company assessed a trading counterpart's ethical management record, and expressly states the ethical management clause in the contract to be signed with the trading counterpart? (II) Has the Company established a dedicated unit for promoting the corporate ethical management under the Board of Directors and reporting its ethical management policy and plan for preventing unethical conducts as well as the supervision of implementation status to the Board of Directors periodically (at least once annually)? (III) Has the Company established policies to prevent conflicts of interests, provided adequate communication channels, and implemented such policies and communication channels?	✓ ✓ ✓		(I) The Group regularly checks the financial and credit positions of the customers to avoid trading with anyone with unethical conduct record, and also set forth the ethical conduct-related provisions in its business contracts. (II) The Group appointed its Auditing Office to act as the unit dedicated to promoting ethical corporate management, which shall be responsible for reporting the status thereof to the Board of Directors periodically, and also urged its HR Section to handle the amendments, execution, interpretation and advice about ethical management rules. (III) The employment agreement between the Group and its employees included non-competition provisions. The overseas subsidiaries	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies

			also set up the conflict of interest reporting system under which the employees may declare the conflict of interest independently. Meanwhile, the Directors recuse themselves from any motions proposed at a board meeting if they have a conflict with their own interest or the interest of the juristic persons they represent pursuant to laws for preventing conflicts of interest. The Group also set up the mailbox for workers and the “employee complaint management system” to provide the employees with appropriate channels to state their opinions.	
(IV) Has the Company implemented effective accounting system and internal control system for the purpose of maintaining ethical operation? Has the internal audit unit established relevant audit plan according to the assessment result of unethical conduct risk and audit the status of compliance with the prevention against unethical conduct plan, or entrust CPA to perform audit?	✓		(IV) In order to ensure the fulfillment of ethical management, the Group established an effective accounting system and internal control system, and had its internal audit officers audit the compliance with the accounting system and internal control system periodically, and report the status thereof to the Board of Directors on a quarterly basis.	
(V) Has the Company organized internal/external education training program for ethical management periodically?	✓		(V) The Group organizes relevant programs periodically to help employees understand the ideas and regulations regarding ethical corporate management.	

III. Status of the Company's complaint system (I) Has the Company defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?	✓		(I) The Group has established the "Operating Procedure for Handling the Complaints Against Illegal and Unethical or Dishonest Conduct". We also set up the complaint mailbox and hotline, delegated the dedicated personnel by different issues, and had its HR unit render reward or punishment based on the investigation results.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
(II) Has the Company established any investigation standard operation procedures for accepting reported misconducts, subsequent measures and relevant confidentiality measures required to be performed after the completion of the investigation?	✓		(II) The Group maintains the confidentiality of all complaints, and specifies the non-disclosure obligation in the non-disclosure agreement signed with employees.	
(III) Has the Company adopted any measures to prevent the complainants from abuse after filing complaints?	✓		(III) The Company adopted strict measures to maintain the confidentiality of the complainant's information and prevent the complainant from abuse or unfair treatment.	
IV. Enhancing information disclosure (I) Has the Company has disclosed the Ethical Management Principles it established and the effect of implementation thereof on its website and Market Observation Post System?	✓		The Group set up its official website to disclose the Group's business overview, product information, and financial information. The Company's information is promptly and publicly disclosed on the MOPS for the Company to engage in business activities in a fair and transparent manner.	The Company shall process the disclosure based on actual needs or regulatory requirements.
V. If the Company has established ethical management principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe any discrepancy between the principles and their implementation: None.				

VI. Other information material to the understanding of ethical management operation (e.g., discussion of an amendment to the ethical management best practice principles defined by the Company):
The Group assigns Directors and Supervisors to attend training programs related to ethical management and corporate governance, and the competitive actions which the Directors Supervisors and managerial personnel were engaged in were already reported to and approved by shareholders' meetings and Board of Directors meetings.

(VII) If the Company has established the corporate governance principles and relevant regulations, the inquiry method thereof shall be disclosed: Please refer to the Company's website at www.csi-sensor.com.tw and the Market Observation Post System website at mops.twse.com.tw.

(VIII) Other information enabling better understanding of the Company's corporate governance: Please visit the Company's website at www.csi-sensor.com.tw, and the MOPS at mops.twse.com.tw.

(IX) Operation Status of the Internal Control System

1. Statement on Internal Control System

Creative Sensor Inc.
Statement on Internal Control System

Date: Febaury 29, 2024

We make the following statement based on the result of the self-inspection of the internal control system in 2023:

I. We acknowledge that the Board of Directors and managers are responsible for the establishment, operation and maintenance of the internal control system. We have established such a system to provide reasonable assurance for achievement of the objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws, regulations, and bylaws.

II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.

III. We judge the design and operation of the internal control system for their effectiveness with reference to the items to be judged for the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The internal control systems are divided into the following five constituent elements in the management control process in terms of the items to be judged pursuant to the "Regulations": 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element contains a number of items. Refer to the provisions of the above-mentioned "Regulations.

IV. We have adopted the judgment items of the internal control system to assess its design and operation for their effectiveness.

V. Based on the results of the above-mentioned assessment, we confirm that our internal control system on December 31, 2023 (including monitoring and management of subsidies) was effective in terms of its design and operation with respect to understanding the effectiveness and efficiency of operations, the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws, regulations, and bylaws in order to reasonably ensure that these objectives are achieved.

VI. The Statement will be the major part of our annual reports and prospectuses, and will be open to the public. If there is any misrepresentation, nondisclosure or other illegality in the contents open to the public referred to above, legal responsibility specified in Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.

VII. The Statement was approved at the Board of Directors' meeting on Febaury 29, 2024. None of the 7 Directors present at the meeting expressed any dissent and all of them approve the contents of the Statement as stated herein.

Creative Sensor Inc.
Chairman: Yu-Jen Huang
Vice Chairman and Acting President: Chi-Chang Yang

2. If a review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report shall be disclosed: None.

(X) Punishment(s) imposed on the Company or its internal personnel in accordance with law in the most recent year and up to the date of the publication of this annual report; for punishment results that may have material impact on the shareholders' equity or securities price, it is necessary to describe the content of the punishment, the Company's punishment against its internal personnel violating internal control system regulations, main deficiencies, and improvements: No such occurrences.

(XI) Major Resolutions Made by Shareholders' Meetings and Board Meetings in 2023 and Up to the Printing Date of Annual Report

1. Important resolutions made by the general shareholders' meeting and execution thereof

Date	Resolution	Implementation Status
May 31, 2023	Acknowledged 2022 business report and financial statement.	Proposal recognized as proposed according to the voting result.
	Acknowledged 2022 earnings appropriation	1. Proposal recognized as proposed according to the voting result. 2. The cash dividend to be allocated was NTD 1.9 per share. The ex-dividend date was set as June 6, 2023, and the cash dividend to be allocated on June 21 2023.
	Approved the proposal for amendment to the "Articles of Incorporation" of	Proposal approved as proposed according to the voting result.

Date	Resolution	Implementation Status
	the Company	

2. Major Resolutions Made by the Board of Directors in 2023 and Up to the Printing Date of Annual Report

Date	**Important Resolutions**	**Dissent and qualified opinion by Independent Directors**
9th Board of Directors 22nd meeting (February 3, 2023)	1. Approved the amendment of "CT08 Management of the Preparation Process of Financial Statements".	No comment
9th Board of Directors 23rd meeting (March 13, 2023)	1. Approved the Company's 2022 business report and financial statements. 2. Approved the Company’s 2022 remuneration distribution proposal for Directors and employees. 3. Approved the 2022 earnings appropriation. 4. Approved the Company's 2022 "Statement on Internal Control System". 5. Approved the proposal to convene the Company’s 2023 general shareholders’ meeting. 6. Approved the Company's Internal Control System Review Report. 7. Approved the senior management personnel proposal.	No comment No comment No comment No comment No comment No comment No comment
9th Board of Directors 24th meeting (May 4, 2023)	1. Approved the Q1 2023 consolidated financial statements. 2. Approved the senior management personnel proposal.	No comment No comment
9th Board of Directors 25th meeting (August 8, 2023)	1. Approved the Q2 2023 consolidated financial statements.	No comment
9th Board of Directors 26th meeting (September 22, 2023)	None.	No comment
9th Board of Directors 27th meeting (Octomber 31, 2023)	1. Approved the Q3 2023 consolidated financial statements.	No comment

9th Board of Directors 28th meeting (November 21, 2023)	None.	No comment
9th Board of Directors 29th meeting (December 22, 2023)	1. Approved the Company's 2024 annual audit plan. 2. Approved the Company’s budgets for 2024. 3. Approved the Company's 2024 bank financing contract. 4. Approved the independence and adequacy evaluations of the Company’s CPAs. 5. Approved the proposal for the Company's appointment of CPAs for 2024 and its remuneration. 6. Approved the establishment of the “Rules Governing Financial and Business Matters with Related Parties.” 7. Approved the Company’s chief auditor personnel proposal.	No comment No comment No comment No comment No comment No comment No comment
9th Board of Directors 30th meeting (January 25, 2024)	None.	No comment
9th Board of Directors 31st meeting (Febuary 29, 2024)	1. Approved the Company's 2023 business report and financial statements. 2. Approved the Company's 2023 "Statement on Internal Control System." 3. Approved the election of the Company’s 10th session of Directors (including Independent Directors). 4. Approved the organization of the 2024 annual shareholders' meeting. 5. Approved the Company’s capital reduction in cash.	No comment No comment No comment No comment No comment
9th Board of Directors 32nd meeting (Maych 13, 2024)	1. Approved the Company’s 2023 remuneration distribution proposal for Directors and employees. 2. Approved the Company’s cash dividend distribution from earnings for 2023. 3. Approrved the Company’s 2023 table of earning distribution. 4. Approved the Company's buyback of shares for transfer to employees. 5. Approved the amendment to the Company’s “Articles of Incorporation.” 6. Approved the addition of the reasons for convening the 2024 annual shareholders’ meeting.	No comment No comment No comment No comment No comment No comment
9th Board of Directors 33rd meeting (Aprial 16, 2024)	1. Approved the Director (including Independent Director) candidates nominated by the Board. 2. Approved the list of Director (including Independent Director) candidates reviewed by the Company. 3. Approved the proposal to remove the non-compete clause for the new Directors.	No comment No comment No comment

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board meetings in 2023 and up to the printing date of the annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, or head of R&D in 2023 and up to the printing date of the annual report:

Title	Name	Date of Job Assumption	Date of Dismissal	Reason of Resignation or Dismissal
Director	Chun-Mei Yen	July 6, 2018	March 13, 2023	Job duty adjustment
Chief internal auditor	Chen Rui Ling	May 4, 2023	December 20, 2023	Resigned as audit director due to personal health reasons.

IV. Information of Independent Auditors Fee

Unit: NTD thousands

Accounting Firm Name	CPA Name	CPA Audit Period	Audit Fees	Non-Audit Fees	Total	Remarks
Pricewaterhouse Coopers Certified Public Accountants	Po-Chuan Lin	January 1, 2023 to December 31, 2023	3,380	50	3,430	Non-audit fees refer to the salary information review table
	Chun-Yao Lin	January 1, 2023 to December 31, 2023				
Pricewaterhouse Coopers Certified Public Accountants	Yen-Tan Tsai	January 1, 2023 to December 31, 2023	0	695	695	Other non-audit fees refer to business income tax audit and certification
KPMG Taiwan	Wei-Chun Yeh	January 1, 2023 to December 31, 2023	0	370	370	Other non-audit fees mainly refer to transfer pricing and Group master file report
	Tsai-Huang Chen	January 1, 2023 to December 31, 2023				

Note: Where any CPA or accounting firm was changed in the current year, the audit period shall be enumerated for each CPA or accounting firm. Reasons for the change shall be indicated in the Remarks column and the information on the payment of the audit and non-audit fees shall be disclosed in sequence. Non-audit fees shall be enumerated by service items.

(I) Replacement of independent auditing firm and reduction in audit fees paid during the year of replacement compared with the previous year: No such occurrences.

(II) The amount of the audit fees is reduced by more than 10% from the previous year: No such occurrences.

V. Information on Change of CPAs: None.

VI. The Auditing Firm or Its Affiliates at Which the Company’s Chairman, General Managers, or Managers Responsible for Financial or Accounting Matters Was an Employee over the Past Year, His/Her Name, Position and Employment Period Shall Be Disclosed: No such occurrences.

VII. Change of Shares Transferred and Pledged for Directors, Managers and any Shareholder Who Holds More Than 10% of the Company’S Shares During the Most Recent Year Until the Date on Which the Annual Report was Printed.

1. Changes in equity of directors, supervisors, managers, and major shareholders

Unit: shares

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">2023</th><th colspan="2">2024 as of April 2</th></tr>
<tr><th>Number of shares held Increase (decrease)</th><th>Increase (decrease) in shares pledged Increase (decrease)</th><th>Number of shares held Increase (decrease)</th><th>Increase (decrease) in shares pledged Increase (decrease)</th></tr>
<tr><td>Director</td><td>TECO Image Systems Co., Ltd. representative: Yu-Jen Huang</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td><td rowspan="6">0</td></tr>
<tr><td>Director</td><td>TECO Image Systems Co., Ltd. representative: Chi-Chang Yang</td></tr>
<tr><td>Major shareholder</td><td>TECO Image Systems Co., Ltd.</td></tr>
<tr><td>Director</td><td>Koryo Electronics Co., Ltd. representative:
En-Kuo Wang (Note 1)</td></tr>
<tr><td>Director</td><td>Koryo Electronics Co., Ltd. representative:
Chih-Sheng Hou</td></tr>
<tr><td>Director</td><td>Koryo Electronics Co., Ltd. representative:
Mu-Yao Ku</td></tr>
<tr><td>Independent Director</td><td>Hsiu-Ming Wang</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Shih-Ing Huang</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Yun-Hsiang Hsiao</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Major shareholder</td><td>Universal Cement Corporation</td><td>(115,000)</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Acting President</td><td>Chi-Chang Yang</td><td>101,514</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Chief Strategist</td><td>Yu-Jen Huang</td><td>150,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Vice President</td><td>Hsien-Fu Hsiao (Note 2)</td><td>100,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Assistant Vice President</td><td>Shao-Yang Wu</td><td>113,640</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Chun-Mei Yen (Note 3)</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Senior Manager</td><td>Chien-Chung Hung</td><td>70,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Manager</td><td>Chi-Ping Lin (Note 4)</td><td>50,000</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Corporate Governance Officer</td><td>Chiao-Pei Mai</td><td>30,000</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Note 1: Koryo Electronics Co., Ltd. assigned Chih-Sheng Hou to serve as the representative of the Director on March 13, 2023 and the term ended on March 13, 2023.

Note 2: Hsien-Fu Hsiao resigned on March 27, 2024.

Note 3: Chun-Mei Yen was reassigned from her position as Director to Advisor on March 13, 2023.

Note 4: Chi-Ping Lin was appointed as Accounting Manager on March 13, 2023.

2. Information on transfer of equity from a director, supervisor, manager and major shareholder to a related party: None.

3. Information on pledge of equity created by a director, supervisor, manager and major shareholder for a related party: None.

VIII. Relationship Information, if Any of the Top 10 Shareholders is a Related Party, or is the Spouse or a Relative Within the Second Degree of Kinship with Another

April 2, 2024
Unit:shares; %

NAME (NOTE 1)	SHAREHOLDINGS BY THE SHAREHOLDER		SPOUSE & MINOR SHAREHOLDING		SHARES HELD IN THE NAME OF OTHER PERSONS		DISCLOSURE OF INFORMATION ON RELATED PARTIES OR SPOUSE RELATIONSHIP OR RELATIONS WITHIN THE SECOND DEGREE OF KINSHIP, AMONG TOP TEN SHAREHOLDERS, INCLUDING THEIR NAMES AND RELATIONSHIPS		REMARKS
	NUMBER OF SHARES	SHAREHOLDING RATIO	NUMBER OF SHARES	SHAREHOLDING RATIO	NUMBER OF SHARES	SHAREHOLDING RATIO	NAME (OR INDIVIDUAL NAME)	RELATIONSHIP	
TECO IMAGE SYSTEMS CO., LTD. REPRESENTATIVE: YU-JEN HUANG	28,906,260	19.39%	0	0	0	0	CREATIVE SENSOR INC.	1. CHAIRMAN ARE THE SAME PERSON 2. IS A DIRECTOR OF TECO IMAGE SYSTEMS CO., LTD.	NONE
							KORYO ELECTRONICS CO., LTD.	IS A DIRECTOR OF TECO IMAGE SYSTEMS CO., LTD.	
							TONG-AN INVESTMENT CO., LTD.	CHAIRMAN OF TECO IMAGE SYSTEMS CO., LTD. ARE FATHER AND SON	
							TECO INTERNATIONAL INVESTMENT CO., LTD.	1. CHAIRMAN OF TECO IMAGE SYSTEMS CO., LTD. ARE FATHER AND SON 2. IS A DIRECTOR OF TECO IMAGE SYSTEMS CO., LTD.	
Universal Cement Corp. REPRESENTATIVE: BO-JHIH INVESTMENT CO., LTD	13,158,000	8.83%	0	0	0	0	-	-	NONE

TIEN DA INVESTMENT CO., LTD. REPRESENTATIVE: CHIEN-KUO YANG	12,318,000	8.26%	0	0	0	0	KORYO ELECTRONICS CO., LTD.	IS A DIRECTOR OF TIEN DA INVESTMENT CO., LTD.	NONE
YU RUI CO., LTD. REPRESENTATIVE: KUAN-CHUN KUO	9,018,029	6.05%	0	0	0	0	TONG-AN INVESTMENT CO., LTD.	IS A DIRECTOR OF YU RUI CO., LTD.	NONE
UNIVERSAL CEMENT INVESTMENT CO., LTD. REPRESENTATIVE: PO-I HOU	9,000,000	6.04%	0	0	0	0	UNIVERSAL CEMENT CORPORATION	IS A DIRECTOR AND SUPERVISOR OF UNIVERSAL CEMENT INVESTMENT CO., LTD.	NONE
TONG-AN INVESTMENT CO., LTD. REPRESENTATIVE: MAO-HSIUNG HUANG	7,913,310	5.31%	0	0	0	0	TECO IMAGE SYSTEMS CO., LTD.	CHAIRMAN OF TONG-AN INVESTMENT CO., LTD. ARE FATHER AND SON	NONE
							CREATIVE SENSOR INC.	CHAIRMAN OF TONG-AN INVESTMENT CO., LTD. ARE FATHER AND SON	
							TECO INTERNATIONAL INVESTMENT CO., LTD.	1. CHAIRMAN ARE THE SAME PERSON 2. IS A SUPERVISOR OF TONG-AN INVESTMENT CO., LTD.	
							TECO ELECTRIC & MACHINERY CO., LTD.	1. TONG-AN INVESTMENT CO., LTD. IS AN INVESTEE OF TECO ELECTRIC & MACHINERY CO., LTD. EVALUATED UNDER EQUITY METHOD 2. IS A DIRECTOR OF TONG-AN INVESTMENT CO., LTD.	

CREATIVE SENSOR INC. REPRESENTATIVE: YU-JEN HUANG	6,082,000	4.08%	0	0	0	0	TECO IMAGE SYSTEMS CO., LTD.	1. CHAIRMAN OF TECO IMAGE SYSTEMS CO., LTD. ARE THE SAME PERSON 2. IS A DIRECTOR OF CREATIVE SENSOR INC.	NONE
							TECO INTERNATIONAL INVESTMENT CO., LTD.	CHAIRMAN OF CREATIVE SENSOR INC. ARE FATHER AND SON	
							TONG-AN INVESTMENT CO., LTD.	CHAIRMAN OF CREATIVE SENSOR INC. ARE FATHER AND SON	
							KORYO ELECTRONICS CO., LTD.	IS A DIRECTOR OF CREATIVE SENSOR INC.	
KORYO ELECTRONICS CO., LTD. REPRESENTATIVE: SHUN-JUNG LIAO	5,701,000	3.82%	0	0	0	0	TECO IMAGE SYSTEMS CO., LTD.	IS A DIRECTOR OF KORYO ELECTRONICS CO., LTD.	NONE
							CREATIVE SENSOR INC.	IS A DIRECTOR OF KORYO ELECTRONICS CO., LTD.	
TECO INTERNATIONAL INVESTMENT CO., LTD. REPRESENTATIVE: MAO-HSIUNG HUANG	5,309,447	3.56%	0	0	0	0	TECO IMAGE SYSTEMS CO., LTD.	CHAIRMAN OF TECO INTERNATIONAL INVESTMENT CO., LTD. ARE FATHER AND SON	NONE
							CREATIVE SENSOR INC	CHAIRMAN OF TECO INTERNATIONAL INVESTMENT CO., LTD. ARE FATHER AND SON	
							TONG-AN INVESTMENT CO., LTD.	CHAIRMAN. ARE THE SAME PERSON	

							TECO ELECTRIC & MACHINERY CO., LTD.	1. TECO INTERNATIONAL INVESTMENT CO., LTD. IS AN INVESTEE OF TECO ELECTRIC & MACHINERY CO., LTD. EVALUATED UNDER EQUITY METHOD 2. IS A DIRECTOR AND SUPERVISOR OF TECO INTERNATIONAL INVESTMENT CO., LTD.	
TECO ELECTRIC & MACHINERY CO., LTD. REPRESENTATIVE: CHUN-CHIH CHIU	2,137,044	1.43%	0	0	0	0	Creative Sensor Inc.	Is a Director of Teco Electric & Machinery Co., Ltd.	NONE

Note 1: Specify the ten largest shareholders in whole, and the names of shareholders and their representatives separately in the case of institutional shareholders.
Note 2: The shareholding refers to the shareholding of the person and his/her spouse, minors, or held by the person under others' names.

IX. The Total Number of Shares and Total Equity Stake Held in the Same Investee by the Company, Its Directors and Managerial Personnel, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2023 / Unit: thousand shares

Investee	Investment by the Company		Investment by Directors, and Managerial Personnel or by directly or indirectly controlled enterprises		Total investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Creative Sensor Inc. (BVI)	15,415	100%	0	0	15,415	100%
Creative Sensor (USA) Co.	100	100%	0	0	100	100%
Creative Sensor Co., Ltd. (Hong Kong)	0	0	15,501	100%	15,501	100%
Wuxi Creative Sensor Technology Co., Ltd.	0	0	Investment certificate	100%	Investment certificate	100%
NanChang Creative Sensor Technology Co., Ltd.	0	0	Investment certificate	100%	Investment certificate	100%

Four. Fundraising Status

I. Corporate Capital and Shares

(I) Equity capital sources

April 2, 2024

Unit: NTD thousands; thousand shares

Year/ Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Equity capital sources	Offset against the equity capital by property other than cash	Others
June 1998	10.0	4,000	40,000	1,000	10,000	Incorporation	None	—
May 1999	10.0	6,000	60,000	6,000	60,000	Capital increase in cash by NTD 50,000 thousand	None	—
June 2000	12.5	72,000	720,000	36,000	360,000	Capital increase in cash by NTD 300,000 thousand	None	Note 1
June 2001	12.5	72,000	720,000	50,000	500,000	Capital increase in cash by NTD 140,000 thousand	None	Note 2
November 2002	18.0	72,000	720,000	70,000	700,000	Capital increase in cash by NTD 200,000 thousand	None	Note 3
July 2004	10.0	112,900	1,129,000	78,239	782,390	Recapitalized from earnings by NTD 82,390 thousand	None	Note 4
June 2005	10.0	112,900	1,129,000	87,331	873,316	Recapitalized from earnings by NTD 90,926 thousand	None	Note 5
November 2005	43.0	112,900	1,129,000	98,968	989,686	Capital increase in cash by NTD 116,370 thousand	None	Note 6

March 2006	55.8	112,900	1,129,000	99,821	998,216	Conversion of domestic unsecured convertible corporate bonds into common stock totaling 853,030 shares	None	—
August 2006	10.0	160,000	1,600,000	123,027	1,230,277	Recapitalized from earnings by NTD 232,060 thousand	None	Note 7
January 2007	36.23	160,000	1,600,000	123,560	1,235,603	Conversion of domestic unsecured convertible corporate bonds into common stock totaling 532,690 shares	None	—
April 2007	36.23	160,000	1,600,000	126,663	1,266,627	Conversion of domestic unsecured convertible corporate bonds into common stock totaling 3,102,351 shares	None	—
July 2007	36.23	160,000	1,600,000	126,682	1,266,820	Conversion of domestic unsecured convertible corporate bonds into common stock totaling 19,320 shares	None	—
August 2008	10.0	160,000	1,600,000	130,000	1,300,000	Recapitalized from earnings by NTD 33,180 thousand	None	Note 8
February 2009	10.0	160,000	1,600,000	127,000	1,270,000	Annulment of treasury stock by NTD 30,000 thousand	None	Note 9

April 2010	30.1	160,000	1,600,000	127,035	1,270,350	Conversion of employee stock warrant to common stock totaling 35,000 shares	None	—
April 2011	28.94	160,000	1,600,000	127,055	1,270,550	Conversion of employee stock warrant to common stock totaling 20,000 shares	None	—
July 2020	10.0	250,000	2,500,000	127,055	1,270,550	Increase of authorized capital of 90,000,000 shares	None	Note 10
November 2021	23.49	250,000	2,500,000	149,055	1,490,550	Cash capital increase through private placement of 22,000,000 shares	None	—

Note 1: Approval letter for issuance of new shares upon capital increase: Letter by Securities and Futures Commission, Ministry of Finance under (2000) Tai-Tsai-Cheng (1) No. 520523 dated June 23, 2000.

Note 2: Approval letter for issuance of new shares upon capital increase: Letter by Securities and Futures Commission, Ministry of Finance under (2002) Tai-Tsai-Cheng (1) No. 111551 dated March 25, 2002.

Note 3: Approval letter for issuance of new shares upon capital increase: Letter by Securities and Futures Commission, Ministry of Finance under (2002) Tai-Tsai-Cheng (1) No. 0910161006 dated November 14, 2002.

Note 4: Approval letter for issuance of new shares upon recapitalization from earnings: Letter by Securities and Futures Commission, Ministry of Finance under (2004) Tai-Tsai-Cheng (1) No. 0930127004 dated June 17, 2004.

Note 5: Approval letter for issuance of new shares upon recapitalization from earnings: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi No. 0940122245 dated June 2, 2005.

Note 6: Approval letter for issuance of new shares upon capital increase: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi No. 0940149562 dated November 25, 2005.

Note 7: Approval letter for issuance of new shares upon recapitalization from earnings: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi-Zi No. 0950127763 dated June 30, 2006.

Note 8: Approval letter for issuance of new shares upon recapitalization from earnings: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi-Zi No. 0970033055 dated July 2, 2008.

Note 9: Approval letter for annulment of treasury stock: Letter by Financial Supervisory Commission, Executive Yuan under Chin-Kuan-Cheng-Yi-Zi No. 0970069736 dated December 19, 2008.

Note 10: Approval No. for the increase of authorized capital: Letter Jing-Shou-Shang-Zi No. 11001197750 dated November 1, 2021.

April 2, 2024
Unit: thousand shares

Types of shares	Authorized capital stock			Remarks
	Outstanding shares (Note 1)	Unissued Shares (Note 2)	Total	
Common stock	127,055	100,945	250,000	Listed stocks
	22,000			Private placement of stocks

Note 1: Listed stocks.
Note 2: Unissued shares include the reserve for convertible corporate bonds.
Note 3: Information about offering and issuance of securities by shelf registration: Not applicable.

(II) Shareholder structure

April 2, 2024

Shareholder structure / Quantity	Government agencies	Financial institutions	Other institutions	Foreign institutions and foreigners	Individuals	Total
Number of people	0	0	196	55	35,999	36,250
Number of shares held	0	0	102,181,713	2,993,282	43,880,005	149,055,000
Shareholding ratio	0.00%	0.00%	68.55%	2.01%	29.44%	100%

(III) Distribution of equity

April 2, 2024
Unit: shares

Shareholding category	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	29,827	335,348	0.22
1,000 to 5,000	4951	9,967,300	6.69
5,001 to 10,000	771	5,663,360	3.8
10,001 to 15,000	256	3,084,117	2.07
15,001 to 20,000	138	2,503,273	1.68
20,001 to 30,000	110	2,762,860	1.85
30,001 to 40,000	46	1,609,616	1.08
40,001 to 50,000	35	1,620,987	1.09
50,001 to 100,000	47	3,519,208	2.36
100,001 to 200,000	32	4,47,1947	3
200,001 to 400,000	15	3,893,600	2.61
400,001 to 600,000	3	1,396,764	0.94
600,001 to 800,000	5	3,681,530	2.47
800,001 to 1,000,000	2	1,812,000	1.22
Over 1,000,001	12	102,733,090	68.92
Total	36,250	149,055,000	100.00

Note: The Company has not issued preferred shares.

(IV) Name list of major shareholders: Ten largest shareholders

April 2, 2024

Major shareholder \ Shares	Number of shares held	Shareholding ratio
TECO Image Systems Co., Ltd.	28,906,260	19.39%
Universal Cement Corporation	13,158,000	8.83%
Tien Da Investment Co., Ltd.	12,318,000	8.26%
Yu Rui Co., Ltd.	9,018,029	6.05%
Universal Cement Investment Co., Ltd.	9,000,000	6.04%
Tong-An Investment Co., Ltd.	7,913,310	5.31%
Creative Sensor Inc.	6,082,000	4.08%
Koryo Electronics Co., Ltd.	5,701,000	3.82%
TECO International Investment Co., Ltd.	5,309,447	3.56%
TECO Electric & Machinery Co., Ltd.	2,137,044	1.43%

(V) Market value per share for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information

Unit: NTD; thousand shares

Item \ Year			2022	2023	Up to March 31, 2024 for the current year (Note 8)
Market price per share (Note 1)	Highest		29.50	36.10	33.25
	Lowest		20.20	27.00	28.20
	Average		23.01	29.83	29.67
Net worth per share (Note 2)	Before distribution		27.44	36.11	—
	After distribution		25.54	35.01	—
Earnings per share	Weighted average number of shares		111,858	113,407	—
	Earnings per share (Note 3)	Before adjustment	3.22	2.18	—
		After adjustment	—	—	—
Dividends per share	Cash dividends		1.9	1.1	—
	Stock dividends	Before adjustment	—	—	—
		After adjustment	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
ROI analysis	P/E ratio (Note 5)		7.15	13.68	—
	P/D ratio (Note 6)		12.11	27.12	—
	Cash dividend yield (Note 7)		8.26%	3.68%	—

Note 1: State the highest and lowest market prices for the common stock, and calculate the average market price for each year based on the turnover value and volume of each year.

Note 2: Please apply the quantity of stock already issued at the end of the year, and specify based on the allocation resolved by the shareholders' meeting of next year.

Note 3: If it is necessary to make adjustment retroactively due to distribution of bonus shares, please state the earnings per share before and after the adjustment.

Note 4: If the equity securities issuance terms and conditions provide that the stock dividend unallocated in the year may be accumulated until the year in which earnings allocable are generated, please disclose the accumulated stock dividend remaining undistributed until the current year.

Note 5: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 6: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 8: The consolidated financial statements of 2023 Q1 have already been reviewed and audited by the CPAs.

(VI) Dividend Policy and execution thereof

1. The stock dividend policy defined under the Articles of Incorporation:

Earnings concluded at the end of a year shall be allocated in the priority listed below:

I. Payment of tax.

II. Covering of loss.

III. 10% provision for statutory reserve, unless the balance of statutory reserve has accumulated to the same amount as the Company’s paid-up capital.

IV. Provision or reversal of special reserve according to the authority’s rules.

V. If there is a remaining balance after deducting the amount specified in Subparagraphs 1 to 4, the Company authorizes the Board of Directors to distribute all or part of the distributable dividends or bonuses in cash with a resolution by a majority in a meeting attended by two-thirds of the Directors, and report to the shareholders' meeting.

The Company operates in a growing industry. Given the likelihood of future factory expansion and investment plans, the Company shall distribute no more than 80% of its earnings as dividends. Cash dividends shall comprise no lesser than 5% and no more than 50% of total dividends each year.

2. The Board of Directors of the Company passed a resolution in the board meeting on March 13, 2024 to distribute cash dividends of NTD 1.10per share. It shall distribute the cash dividends in accordance with operating procedures after the ex-dividend date is set.

(VII) Effect of the allocation of stock dividends proposed at the shareholders’ meeting to the Company’s business performance and earnings per share: Not applicable.

(VIII) Remuneration to employees and Directors:

1. Percentage or scope of the remuneration to employees and Directors referred to in the Articles of Incorporation:

Profits concluded by the Company in a financial year are subject to employee remuneration of 5% to 15%, and director remuneration of no more than 5%. In addition, according to the “Regulations for Issuance of Remuneration of Directors,” the evaluation items specified in these Regulations include: participation level in the Company’s operation, contribution value and level of responsibility fulfillment, and the remuneration is issued based on the determination of the domestic and external standards. In addition, the Company also timely review the director remuneration system depending upon the actual operation condition and relevant laws at all times. When the Company has accumulated losses from the previous year, if there is a profit in the current year, it is necessary to make up the losses first before the profit is appropriated as the remuneration of employees as well as the remuneration of directors. Appropriation may then be made according to the percentages specified.

2. The basis for estimating the amount of remuneration to employees and directors , for calculating the number of shares to be distributed as remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The discrepancy between the actual distributed amount and the estimated figure, if any, will be treated as the changes in accounting estimates and stated as the income of 2024.

3. The motion for allocation of remuneration passed by the Board of Directors:

(1)The remuneration to employees and Directors in cash or in the form of stock. If there is any discrepancy between the amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The Company's Board of Directors approved the 2023 allocation of remuneration to Directors and employees in a resolution on March 13, 2024. As a result, the remuneration to be allocated to Directors totaled NTD 9,381,848, and the remuneration to employees totaled NTD28,145,542. All remuneration shall be allocated in cash and are expected to be reported at the shareholders' meeting on May 31, 2024.

(2)The amount of remuneration to any employee allocated in the form of stock, and the size of that amount as a percentage of the sum of the net income after tax stated in the individual or separate financial reports for the current period and total employee remuneration: No stock dividend was allocated.

4. The actual allocation of remuneration to employees and directors 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 allocation and the recognized remuneration to employees and directors, please also specify the discrepancy, cause, and how it is treated:

Unit: NTD

Item	Recipients	Amount for distribution approved in the Board of Directors' resolution	Actual distributed amount	Disbursement method
Employee remuneration	The Company's employees	43,720,764	43,720,764	Cash
Directors' remuneration	The Company's Directors	14,573,589	14,573,589	
Total		58,294,353	58,294,353	

(IX) The Company's buyback of the Company's shares: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Overseas Depository Receipts: None.

V. Issuance of Employee Stock Option Certificates: None.

VI. Information About New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions of, or Succession to Shares of Other Companies: None.

VIII. Implementation of Capital Utilization Plan: None.

Five. Operation Overview

I. Business Activities

(I) Business scope

1. Main content of business operated by the Company
   (1) Electronic Components Manufacturing
   (2) Computers and Peripheral Equipments Manufacturing
   (3) Wired Communication Mechanical Equipment Manufacturing
   (4) Wireless Communication Mechanical Equipment Manufacturing
   (5) Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
   (6) Optical Instruments Manufacturing
   (7) International Trade
   (8) Restricted Telecom Radio Frequency Equipments and Materials Import
   (9) Wholesale of Electronic Materials
   (10) Wholesale of Computers and Clerical Machinery Equipment
   (11) Wholesale of Telecommunication Apparatus
   (12) Wholesale of Precision Instruments
   (13) Retail Sale of Electronic Materials
   (14) Retail sale of Computers and Clerical Machinery Equipment
   (15) Retail Sale of Telecommunication Apparatus
   (16) Retail Sale of Precision Instruments
   (17) Information Software Services
   (18) General Instruments Manufacturing
   (19) CC01040 Lighting Equipment Manufacturing
   (20) CC01990 Manufacturing of other Electrical and Electronic Machinery and Equipment.
   (21) CD01010 Ships and Parts Manufacturing
   (22) CD01020 Rail Vehicle and Parts Manufacturing
   (23) CD01030 Motor Vehicles and Parts Manufacturing
   (24) CD01040 Motorcycles and Parts Manufacturing
   (25) CD01050 Bicycles and Parts Manufacturing
   (26) CD01060 Aircraft and Parts Manufacturing
   (27) CD01990 Other Transport Equipment and Parts Manufacturing
   (28) CE01990 Other Optics and Precision Instrument Manufacturing
   (29) F114070 Wholesale of Aircraft and Component Parts Thereof
   (30) F116010 Wholesale of Camera Equipment
   (31) F213090 Retail Sale of Traffic Sign Equipments and Materials
   (32) F214070 Retail Sale of Aircraft and Component Parts Thereof
   (33) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Operating revenue breakdown

Unit: NTD thousands

Item	2022		2023	
	Revenue	Revenue	Revenue	Operating revenue percentage (%)
Image sensors	4,256,952	100	3,056,224	100
Total	4,256,952	100	3,056,224	100

3. Current products of the Company

The main business items of the Group include the design, manufacturing and sales and purchase businesses of CIMS (Contact Image Sensor Module).

4. New products planned for development

With regard to the CIS main application products and market demand, the Group has developed a complete series of products to satisfy the demands of various types of scanning input devices (such as MFP scanner, printers etc.). The focus of the research and development works for 2024 is as follows:

A. Mass production of CISM with high depth of field.
B. Mass production of a new generation of CISM light source with high brightness
C. CISM with an optimized cost design.
D. Smart pattern comparison sensor.
E. Zoom infrared thermal imaging module.
F. Multispectral imaging module.
G. Improvement in automated production process capacity.

(II) Industry Overview:

1. Current state and development of the industry:

The main businesses of the Group consist of the design, manufacturing and sales of CISM, and the product application scope includes computer peripheral scanners for personal use, office or workstation printing MFP, digital printers, electronic white boards, fingerprint and banknote recognition system etc. Consequently, the development of computer peripheral industry is closed related to the business of the Company.

The following shows the industry status of the CISM, main application product computer peripheral system manufactured by the Group:

Unit: million pcs

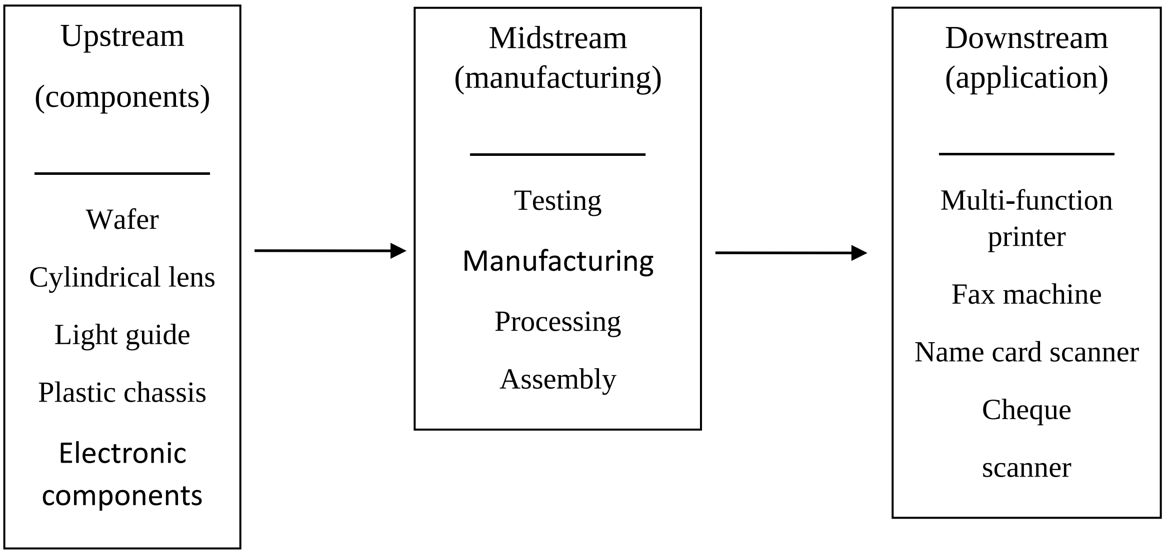
Year/Product	2021	2022	2023
Multi-function printer	73.3	71.1	70.9

Source of data: IDC

As the modular design of CISM is advantageous to the application assembly of system operators, over the past years of development, products with scanning functions for personal and SOHO commercial purposes and CISM use have become mainstream products in the market. The main products of the Group are used for scanners, fax machines, and MFP for use. In 2023, under the monetary tightening policies in Europe and the US, sluggish trading, and the intense geopolitical situations worldwide, global economic growth continued to slow down, and inflation maintained at a high level, causing sluggish requirements for consumer models. However, as people returned to offices for work worldwide and the commercial and SOHO groups turned to inkjet models, the demand for commercial models recorded an upswing.

2. Correlation among upstream, midstream and downstream in the industry:

For the CISM products of the Group, wafer, cylindrical lens, light guide, plastic chassis and other electronic components are purchased. Through the front-end processing of the wafer testing, wafer cutting, loading, wire bonding, lamination and after the back-end processing, testing, and inspection are performed. Once products are completed, they are directly sold to professional manufacturing OEM operators. The correlation among the upstream, midstream and downstream in the industry is as follows:



3. Development trends of products and competition status:

(1) Product development trend

CISM is an essential component for MFP, and the key development relies on low cost, low power consumption, light weight, and compactness, which form the niche of the Group's product development. Through cooperative development of new products with customers, the Group aims to create solutions with ultra-high speed, high precision, and high depth of field. Creative Sensor's team has gained customers' trust in terms of research and development, price, quality, and services. The Company is also actively developing new products and exploring new markets.

(2) Industry and market competition

With the inflation maintained at a high level and the postponed timing of interest rate decreases due to anti-inflation purposes, coupled with the intensified geopolitical situations, the demand in the consumer model market significantly declined; however, the commercial market recorded an upswing due to the slowdown of the pandemic and the commercial color printing demand. The global sales volume and shipping volume of MFPs in 2023 decreased by 8.4% and 1.4%, respectively, on a year-on-year basis. The forecast long-term market demand is stable despite a marginal decline. Meanwhile, with the supply chain resumed to stability, Market competition will be focused on supply chain management and cost control. The Group currently maintains its leading position in the market. Through complete automated production line, the Group can minimize cost and enhance quality to cope with the continuous increase of production labor cost of the Group.

(III) Technology and Research and Development Overview

Annual research and development expense invested in the most recent year and technology or product developed successfully in the most recent year:

1. The consolidated research and development expenses invested in 2023 totaled NTD 89,169 thousand.

2. Technology or product developed successfully:
   (1) Annual mass production models of main Taiwanese, Japanese, and U.S. customers.
   (2) Completion of development of high speed A4 CIMS and start of mass production.
   (3) A4 & A3 CISM with introduction of self-developed components and mass production.
   (4) Complete the prototype of CISM with a high depth of field.
   (5) Complete the prototype of the Smart pattern comparison sensor.
   (6) Introduce the low-resolution infrared thermal imaging module to mass production.

(IV) Long-term and Short-term Business Development Plan

1. Short-term business development plan:
   (1) Actively monitor the inventory of downstream customers and adjust the inventory of materials to reduce risks.
   (2) Improve production efficiency and strictly control costs so as to maintain gross profit.
   (3) Carry out the mass production of image input modules with a high field of depth in order to strengthen the competitiveness in the high-end MFP market.
   (4) Expand the market penetration rate for A3 CISM in the high-end printers of Japanese customers in order to replace the original A3 CCDM products.
   (5) Actively promote the use of infrared imaging cores in "safety monitoring" and "industrial tests."

2. Long-term business development plan:
   (1) Increase vertical integration ratio by implementing the internal introduction of plastic formation and increasing gross margin.
   (2) Develop a new generation of linear scanning light source, and further reduce cost and improve lighting efficacy.
   (3) Develop high-end infrared imaging core and multispectral imaging modules to enter the niche market with high gross profits for use.
   (4) Develop a smart pattern comparison sensor and industry barcode scanner to expand the application markets of the scanning module.
   (5) Market development of other optical input/output devices.

II. Market and Production/Sales Overview

(I) Market Analysis

1. Sales region of main products

The sales region of the products of the Group mainly consists of information technology and consumer electronic operators in Asia, the U.S., and Europe. Most current customers are well-known international OEM or system operators.

2. Market share

CISM Market share

Unit: %

Year	2021	2022	2023
Creative Sensor global market share	53.7%	51.2%	37.5%

Note: Calculation based on IDC's MFP sales quantity (excluding the percentage of the self-manufactured CISM modules of the end customers)

3. Market future supply and demand status and growth

(1) Supply side:

Due to the intensified geopolitical situations, inflation will remain at a level of approximately 3.5% higher than that of the time before the outbreak of the pandemic. The demand for consumer electronic products will be continuously weak. The demand for generative AI, high-performance calculation (HPC), and other applications required for specific wafer production capacity is maintained at a high level, and the nominal supply of other supplies will be resumed; the production capacity will not be affected by the shortage of raw materials.

(2) Demand side:

In 2024, with the intensified geopolitical risks and the occurrences of wars, coupled with the postponed timing of interest rate decreases due to anti-inflation purposes by central banks in Europe and the US, it is estimated that the global economic performance will be gloomy as compared to 2023. In the past year, the wealth effect arising from the inverted yield curve of governmental bonds and the constant new high records in stock markets will decline this year. The reduction in consumption expenses will cause a slowdown of economic activities and other negative impacts. It is estimated that the demand for consumer models will continue to decrease, and the shipping of commercial models is likely to be stable due to the new model development plans of customers and the demand for commercial color printing. It is estimated that the global market volume will be lower than the level before the pandemic.

4. Competitive niche

(1) Rigorous quality requirements and advanced manufacturing process technology:

As all customers of the Company are major international brands, customers have high requirements for product quality, and the Company continues to implement quality improvement plans to attain improvements. The Company has obtained ISO 90001 and ISO 14001 international quality system certifications. Our plants also implement the overall cleanroom ESD protective environment upgrade, and gradually introduced complete automation to production lines as well as precise and reliable production lines to manufacture high-quality products. With regard to product quality design, the Company is also able to satisfy different customer demands and provide greater design integration capacity in the industry. Consequently, the Company's overall product quality standard is higher than the standards of the industry.

(2) Excellent supplier integration capability:

Since the development of key CISM components such as sensing element, circuit boards, focusing lens, and light source require close cooperation with relevant suppliers, quality demand is extremely important. Therefore, we have adopted close cooperation and collaboration for research and development design to gain business opportunities from customers. Moreover, through close cooperative relationship and purchase scale, the Group is able to obtain raw materials at stable and reasonable price for production, thereby increasing the product competitiveness of the Group.

(3) Complete R&D team and technical capabilities:

The R&D team of the Group has extensive experience in the research and development of CISM. The team is equipped with independent design capabilities and has obtained numerous patents. The team also engages in joint research and development with suppliers to develop important raw materials. Consequently, the quality of the R&D technology and technical innovation capacity of the Group now lead competitors in the same industry.

(4) Expansion of product applications:

The Group made use of the CISM production technologies accumulated over the years to enter the fields of relevant technologies and upstream and downstream product development. Apart from the existing products, it also successfully developed the smart pattern comparison sensor used in large-scale printers, which gained the recognition of customers. Infrared thermal imaging products have been successfully introduced to the system of multiple customers. The Group will continue to reach out to end customers in the industrial test and monitoring markets to improve the shipping volume of products.

5. Favorable and unfavorable factors for development prospects and response strategies:

Item	Favorable factors	Unfavorable factors	Response strategy
I. Industry prospects	MFP remains mainstream products for office/home applications, and the demand is stable. In addition, the CIS industry is still an oligopoly market with high barriers to entry. With limited domestic and foreign competing operators in the market, the medium and long-term market demand remains high.	MFP devices have matured and growth has started to slow. As a result, the growth of the Company's revenue from such products have gradually fallen. In 2024, with the intensified geopolitical risks and the occurrences of wars, coupled with the postponed timing of interest rate decreases due to anti-inflation purposes by central banks in Europe and the US, it is estimated that the global economic performance will be gloomy as compared to 2023.	(1) Develop products with higher speed and higher resolution for applications in high-end ink jet and laser MFP, thereby expanding the product penetration rate and maintaining continuous revenue growth. (2) Engage in cooperative research and development of important raw materials with domestic suppliers to reduce the cost. (3) Utilize the COB packaging and imaging technology capacity to enter the industries of pattern comparison sensors and infrared thermal imaging sensors to expand the profit base and develop new application fields.

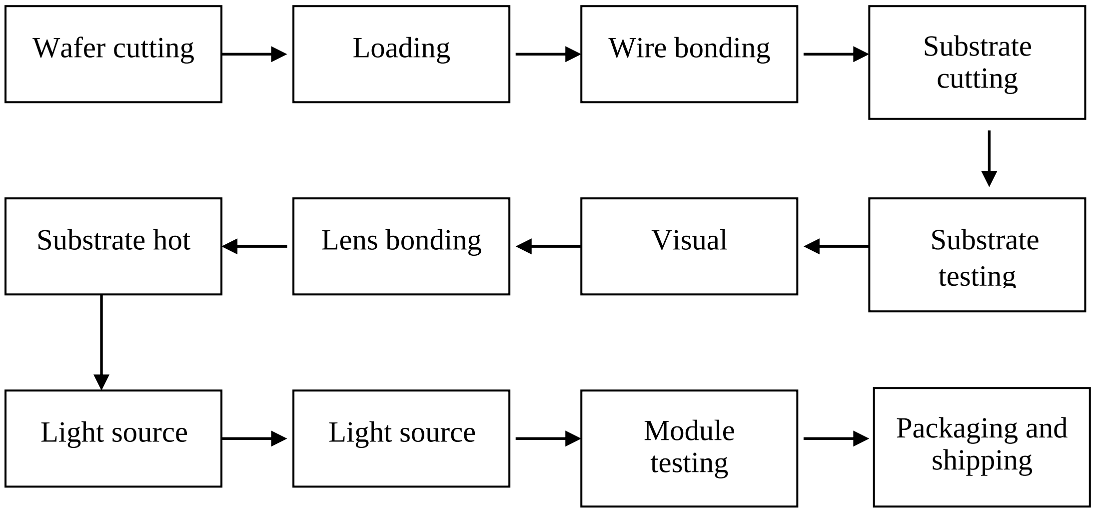
II. Position in the industry	The Group currently ranks first in the world in terms of the market share of color contact image sensors. The Group has superior production scale competitiveness and cost control capabilities.	Both the upstream and downstream sections of the industry are oligopoly markets with lower price control capabilities. Price competition occurs as competing operators seek business opportunities in the market.	(1) Enhance the development of high-end products and low-price module products and increase the added value and market share to increase the differentiation from the operators in the industry. (2) Continue to improve manufacturing process and engage in development of high-performance and low-cost raw materials with suppliers to reduce production cost.
III. Primary raw material supply status	The Group has created long-term strategic alliances with primary raw material suppliers, and is able to control the quality and quantity of raw materials and components supplied.	Parts of the products of the primary raw material suppliers are sourced from oligopoly markets with lower price flexibility.	(1) Engage in cooperative research and development of important raw materials with suppliers to reduce the cost. (2) Continue to maintain excellent business relationship with suppliers and obtain stable supply sources.
IV. Sales status of main products	The product quality and delivery of the Group have long been recognized by the customers, and the Group continues to maintain the leading position in the market share for color CIS. In addition, the Group continues to develop new customers and engages in joint development of new products with customers. As a result, the sales quantity will continue to increase.	(1) Downstream product market with distinctive high and low seasons, affecting the production capacity planning. (2) Customer concentration is high.	(1) Actively expand business, attract new customers and new orders to increase customer diversification. (2) Obtain stable long-term orders to facilitate appropriate adjustments of the production capacity and reduce the obvious gap between operating costs during the high and low seasons.
V. Financial status	The Group has maintained stable profit for a long period of time. In addition, the management values the importance of accounts receivable and control of inventory; therefore, the operating activities indicate cash inflow status and a sound financial structure. The Group has sufficient funding and no financial concerns.	Products are devoid of diversity and the industry has matured as growth in both the revenue and profit fell and weakened profitability.	Develop new businesses to stimulate future business profits. The Group has sufficient funding to meet requirements for future capital expenditures.

(II) Key purpose and manufacturing process of main products

1. Key purpose of main products:

Item	Main products	Purpose
Contact image sensors	CIS	MFP Fax machine Image scanner Printer Name card scanner Banknote recognition machine

2. Manufacturing process



(III) Primary raw material supply status

Primary raw material	Supply source	Supply status
Wafer	Japan, Singapore, Taiwan	Excellent
Cylindrical lens	Japan, Hong Kong	Excellent
Light source light guide	Japan, Hong Kong, Taiwan	Excellent
Printed circuit board	Taiwan, Mainland China	Excellent

(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in the last two years or in any year and the purchase (sales) amount and ratio thereof

1. Information of main suppliers of the Company in the last two years

Unit: NTD thousands

Item	2022				2023			
	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	Company A	581,019	20.86%	None	Company A	324,523	16.22%	None
2	Company B	489,970	17.59%	None	Company B	323,530	16.17%	None
3	Company C	323,341	11.61%	None	Company C	317,871	15.89%	None
	Other	1,391,536	49.94%	--	Other	1,034,896	51.72%	--
	Net purchase amount	2,785,866	100.00%		Net purchase amount	2,000,820	100.00%	

Note: It refers to the main management of the Group. After the election of the Board of Directors on July 9, 2021, the Company is no longer a related party of the Group.

Reason of increase/decrease: In the last two years, there were no major changes in the incoming material supplier ranking of the Company. However, we must actively seek new suppliers to diversify supply risks and stabilize supply sources without affecting the quality of raw materials.

2. Information of main customers of sales of the Company in the last two years

Unit: NTD thousands

Item	2022				2023			
	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer
1	Company Alpha	586,993	13.79%	None	Company Alpha	478,789	15.67%	None
2	Company Beta	564,406	13.26%	〃	Company Beta	393,954	12.89%	〃
3	Company Gamma	387,763	9.11%	〃	Company Gamma	366,840	12.00%	〃
4	Company D	344,997	8.10%	〃	Company D	270,681	8.86%	〃
	Others	2,372,793	55.74%	--	Others	1,545,960	50.58%	〃
	Net sales amount	4,256,952	100.00%		Net sales amount	3,056,224	100.00%	

Reason of increase/decrease: As the Company produces a single type of products, the sales targets are all major international manufacturers and the customer source is stable. The Company maintains excellent relationship with the existing customers and actively develops new customers.

(V) Production quantity table for the most recent two years

Unit: NTD millions; 1,000 pcs

Year / Production Quantity and Value / Mai Products	2022			2023		
	Production Capacity	Production Quantity	Productio n Value	Production Capacity	Production Quantity	Production Value
Image sensors	37,290	27,713	4,038	37,180	20,808	3,221
Total	37,290	27,713	4,038	37,180	20,808	3,221

(VI) Sales quantity table for the most recent two years

Unit: NTD millions; 1,000 pcs

Year / Sales Quantity / Amount / Main Products	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Image sensors	0	0	29,214	4,257	0	7	19,745	3,049
Total	0	0	29,214	4,257	0	7	19,745	3,049

III. Number of Employees in the Last Two Years and the Employee Information of the Group up to the Publication Date of the Annual Report

Year / Item		2022	2023	2024 as of March 31
Number of employees	Indirect labor	326	280	277
	Direct labor	589	368	416
	Total	915	648	693
Average age		35.0	38.9	38.9
Average years of service		4.49	5.25	5.0
Education background distribution ratio (%)	PhD	1%	1%	0%
	Master	3%	2.5%	2.5%
	College	20%	20.5%	19.5%
	Senior High School	36%	36%	38%
	Below Senior High School	40%	40%	39%

IV. Information on Environmental Protection Expenditures

Total amount of losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken, and please explain the future response measures (including improvement measures) and possible expenses (including possible loss, penalty and estimated compensation amount due to failure in adopting response measures; if reasonable estimation cannot be made, the fact for such failure in providing reasonable estimation shall be explained): The Group is in the component manufacturing industry and does not produce waste gas, wastewater, and noise pollution in the manufacturing process. Consequently, there have been no losses due to environmental pollution in the last two years. It does not expect to incur major capital expenditures in environmental protection in the future.

V. Labor-Management Relationship

(I) Company's employee welfare measures, continued education, training, retirement system and implementation thereof, and labor management agreement and various employee benefit protection measures status:

1. Employee welfare measures implementation status thereof:

A. Starting from the job onboard date of employees of the Company, employees enjoy the labor insurance and national health insurance. Employees of overseas subsidiaries enjoy the local insurance system starting from the onboard date.

B. According to the employee stock subscription regulations of the Company, during the capital increase by cash, 10% to 15% of stocks are reserved for employees' subscription according to the regulations, and the employee bonus sharing system is implemented.

C. The Company has established the Employee Welfare Committee, which handles and manages the operations of all welfare measures. Presently, all of the labor criterion of leave applications, working hours etc. are handled according to the Labor Standards Act, and various welfare measures are planned.

D. Current employee welfare measures are as follows:

①Three-holiday bonuses, gift vouchers.
②Year-end bonus, performance bonus.
③Organization of year-end party activity.
④Organization of employees' domestic and overseas travel activities.
⑤Employee marriage, funeral monetary gifts.
⑥Subsidies to children education.
⑦Apply for labor, health insurance and group insurance enrollment for employees.
⑧Provide stock subscription opportunity for employees during capital increase by cash.

2. Employees continuing education, training system, and implementation status

A. With regard to the employee educational training, employee educational training is implemented according to the Company's training related regulations of "Educational Training Implementation Regulations," "Internal Educational Training Implementation Regulations," "External Training Implementation Regulations," "Language Proficiency Examination Subsidy Regulations," "On-Job Continuing Education Subsidy Regulations" etc. We actively provide employees various learning and development opportunities and environment to cultivate outstanding talents with international vision and active learning.

B. 2023 educational training hours statistics: In 2023, programs of supervisor training, internal and external courses for core ability and professional ability improvement were organized, and there was a total of 118 people participating in the training, and the total number of hours was 589 hours. In 2023, on average, each person received 7.7 hours of training, and the annual training expenditures amounted to NTD 188,451.

3. Retirement system and implementation status:
   A. With regard to the employee retirement system and regulations of the Company, the Company handles such matters according to the relevant regulations of the Labor Standards Act and the Labor Pension Act. Overseas subsidiaries handle such matters according to the retirement and insurance system of People’s Republic of China (PRC).
   B. The Company has also established the “Labor Retirement Reserve Fund Supervisory Committee” to supervise the implementation status of the retirement system.
   C. According to the regulations specified in the Generally Accepted Accounting Principles (GAAP) of R.O.C. No. 18, the Company entrusts an actuary to perform assessment and calculation of the labor retirement reserve fund and to submit actuarial assessment report.
      Since July 1, 2005, the Company has appropriated 6% of the employee wage into the employee individual pension account on a monthly basis according to the Labor Pension Act. Overseas subsidiaries follow the retirement insurance system of PRC to make a certain ratio of appropriation according to the employee’s total salary amount, and the monthly pensions of employees are managed and arranged uniformly by the government.

4. Labor management agreement and various employee benefit protection measures status:
   The Group has always adopted the operational method of self-management and all staff participation. Supervisors and employees of each department engage in effective communication through periodic business meeting and educational training, and the labor-management relationship is therefore harmonious.

5. Employee code of conduct or ethical rules:
   To maintain order in the workplace, the Group explicitly specifies the rights and obligation relationships between labor and management. The Group also has established the “Work Rules” according to laws and publicly disclosed them after obtaining approval from the competent authority. Furthermore, the Company has specified the following rules and actively promotes them to reduce the operational risks of the Company, prevent occurrence of conducts damaging the interests of shareholders, and provide guidance to employees of the Company:
   A. Ethical management best practice principles: It is prohibited to directly or indirectly provide, commit, request or accept any illegal benefits, or engage in any conduct violating the ethics or violating the obligation entrusted for fulfillment.
   B. Comply with antitrust requirements: It is necessary to remain vigilant when responding to competitors and dealing with business counterparties, and it is necessary to provide clear response without disclosing sensitive information. Employees also may not provide or receive in any special offers or benefits.
   C. Report illegal and unethical conducts: In case where an employee discovers any conducts violating the ethical standards of the Company, including misappropriation of Company properties, matters affecting accuracy of the financial statements of the Company, collection of illegal benefits from the external, such employee shall report such issue via internal normal channel of the Company.

6. Internal Material Information Handling Operation Procedure:

To establish proper internal material information handling and disclosure mechanism, to prevent improper disclosure of information and to ensure consistency and accuracy of information published by the Company to external entities, the Group has also amended the "Management for Preventing Insider Trading" in the internal control system. It was reported to the Board of Directors' meeting for resolution and approval on December 21, 2022, and all employees and managerial personnel have been informed accordingly.

7. Working environment and employee personal safety protective measures:

A. Working environmental protective measures

①The Group has obtained ISO14001 environmental management system certification. Our environment policies are: (1) Following and complying with environmental laws and other requirements. (2) Promoting recycling and reuse of resources, and endeavoring to reduce industrial waste to prevent pollution. (3) Reducing the use of hazardous materials, being thorough on pollution control and management, and endeavoring on the design and manufacturing of green products. (4) Preventing accidents and disasters and enhancing disaster prevention drill.

②Equipment safety: The Company implements periodic inspections of elevators and cargo elevators in the building, and appoints external contractors to perform monthly labor safety and health inspections to prevent the increase of labor risks and require workers to wear personal protective equipment.

③Fire safety: Comprehensive fire control systems have been installed in accordance with the regulations in the Fire Services Act, including fire sprinkling system, evacuation systems such as escape slings and emergency lighting etc. We also organize annual inspections of the lighting, fire safety, and carbon dioxide detection systems.

④The Group performs semi-annual drinking water machine tests as well as complete disinfection of the work environment each year to maintain the sanitation of the working environment.

B. Employee personal safety protective measures

①The Group has established the "Safety and Health Work Rules" to protect the rights and benefits related to workers' physical and mental health, and to reduce all major hazards caused during operation. Furthermore, the Company has also established the "Regulations for Attending to Accidents of Natural Disaster, Power Outage, Pending for Material Supply etc." To facilitate immediate response actions in case of occurrence of disasters.

②Medical health care: The Group provides one physical examination for employees every year.

③The Group holds periodic labor safety and health educational training each year to increase relevant knowledge of employees and reduce employees' occupational injuries.

④The Group's reception counter is equipped with alcohol and masks at all times for use by employees and visitors to reduce likelihood of spreading of infectious diseases, such as flu and cold, among employees at the working environment.

⑤To prevent accident that threaten workers' personal safety, we require workers to wear personal protective equipment and establish relevant operation procedures.

(II) Any losses suffered by the Company in the most recent year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VI. Cyber Security Management:

(I) Cyber security risk management framework

1. Organization:

(1)The Company's Information Security Section is responsible for the establishment of internal information security policies, planning and implementation of information security procedures, and promotion and implementation of information security policies.

(2)The Company's Auditing Office is the supervisory unit for information security monitoring. The Office has an audit supervisor and full-time auditors responsible for supervising the implementation of internal information security measures. If discrepancies are found, the audited unit will be asked to propose specific improvement measures and the effectiveness of the improvements will be tracked on a regular basis to reduce internal security risks. The audit results are reported to the Board of Directors each year.

(3)Organizational operation mode: According to the Company's Information Security Policy and Information Security Operation Procedures, internal units must implement and strengthen the communication of the Information Security Policy and Information Security Operation Procedures. They organize personnel education and training and implement the adoption and implementation of the Information Security Policy. The Auditing Office conducts information security risk audits and if discrepancies are found, the audited unit will be asked to propose specific improvement measures and the effectiveness of the improvements will be tracked on a regular basis.

2. Information security risk management mechanisms:
Execute the management of IT server rooms, computer information file security, network security, email security management, and information system control and access.

(II) Information Security Policy

1. Information security targets:
Establish a secure and reliable operation environment and ensure the security of the Company's data, systems, equipment, and networks to protect the Company's interests and ensure the continuous operations of the information systems of all units.

2. Scope of information security:
(1)Computer system security management.
(2)Network security management.
(3)System access control.
(4)Information equipment management and information security training.

(5)Security management for system development and maintenance.
(6)Information asset security management.
(7)Physical and environmental security management of the information system.
(8)Information security auditing.

3. Related regulations for employees:
(1)To maintain data integrity, employees may not destroy, take out, lend, or improperly modify computer data and equipment.
(2)The use of pirated software is prohibited.
(3)The use of the company network environment by external information and communication devices is prohibited. The Company does not provide network connection services for visitors to prevent the intrusion of viruses from external sources and block computers with unauthorized software from accessing the Company's network environment.
(4)After logging into the server, once the operations are completed if the device is not used for an extended period of time, the user should be logged out of the system to prevent leaks of confidential data, damage by others, or computer crashes.
(5)When an employee resigns or when handing over responsibilities, the IT unit shall assess the relevancy of data and take appropriate measures including data backup and adjustments of related system access authorities.

(III) Specific management plans

1. Infrastructure system (computer server room, electricity supply services, air-conditioning services, network telecommunications services, and fire safety)
(1) Computer server room: The Company has two server rooms, including the main server room in Neigh Headquarters and the IDC backup server room of Chunghwa Telecom.
(2) Power system: The server room is equipped with battery cabinets for the uninterrupted power supply (UPS) system. In case of an anomaly in the power supply, the UPS system will immediately supply power and it can continue to supply power for up to 30 minnutes, the system will be shut down to ensure system safety.
(3) Cooling air-conditioning system: Two air conditioners are installed and they rotate operations to maintain cooling effectiveness.
(4) Network lines: We use three network lines provided by Asia Pacific Telecom and Chunghwa Telecom for external network services.
(5) Fire safety system: It is equipped with carbon dioxide fire extinguishing devices and standalone hand-held fire extinguishers.

2. Physical information equipment
(1) Enterprise Resource Planning (ERP) system: The Company has two ERP servers which are divided into official and test areas. The server used for official operations provides ERP service and the server used for tests is used by developers for tests before applications are imported into the server used for official operations.
(2) E-mail system: The e-mail system service is set up in the IDC server room and Neihu main server room. The mail system in the Neihu main server room is the backup system.

3. Firewall and load balancing equipment:
   (1)The firewall determines whether to allow or block specific connections and protect against viruses and network attacks based on security rules and definitions. Load balancing equipment provide redundancy for external network service lines.
   (2)Physical area control (server room access control area)
   Access to the server room is controlled with separate access control cards so that unauthorized personnel cannot enter the room. The time and reason of entry into the server room by unauthorized personnel are recorded.

4. Information system control
   (1) Computer system control: Only company computers are permitted to be used for work. All new computers must be delivered to the Information Technology Department for setting the security environment and account access.
      A. The Company uses designated brands and models of computers to ensure the equipment maintenance quality.
      B. Inclusion in the company domain for account access controls
      C. Web browser security settings
      D. Install designated anti-virus software
   (2) Web behavior control: Restrict web pages by category, block malicious websites, record website visits, and monitor and count traffic usage behavior. Implement monitoring and blocking of application traffic.
   (3) Personnel access control: System administrators, administrators, and general users are managed with separate authorities.
   (4) Access restrictions:
      A. Only authorized personnel can connect to the core system and the computer location and connection methods are also restricted.
      B. Only authorized personnel are permitted to access data on the file server.

5. System audit management
   (1)Internal audit: Internal audit management is conducted once every six months in accordance with the Company's internal computerized information system management system.
   (2)External audit: An audit of the accounting information system is conducted each year to audit the operation systems and management methods.

6. Information security defense measures
   Different brands of anti-virus scanning mechanisms are used for each type of information security equipment to increase the virus detection rate.
   (1) Firewall:
      A. We set up firewalls for new applications and update virus codes to scan the contents of network traffic in real time.
      B. It identifies different connection behaviors, categorizes websites for identification, blocks malicious websites, and blocks malicious links and malware.
      C. We set up the PA sandbox system to ensure system security.
   (2)Network segmentation:

A. The internal network is divided into different network segments for each department and system service.

B. When a virus infection occurs, it can increase the difficulty for the virus to spread and isolate suspicious network segments.

C. We can use the monitoring system to identify the location of abnormal network behavior.

(3)Update server: It can address the vulnerabilities of internal servers and automatically issue update files.

A. Major updates and security updates: They are set to promptly download and facilitate manual updates.

B. General update: They are set to schedule downloads and update during off-peak hours.

(4)Anti-virus software:

A. Central console management separates users and servers into different groups for management. We can monitor the virus infection status of the entire company from the anti-virus console.

B. Anti-virus software is installed on the user's end and is scheduled to update automatically, with regular scanning scheduled every Wednesday at 12:00.

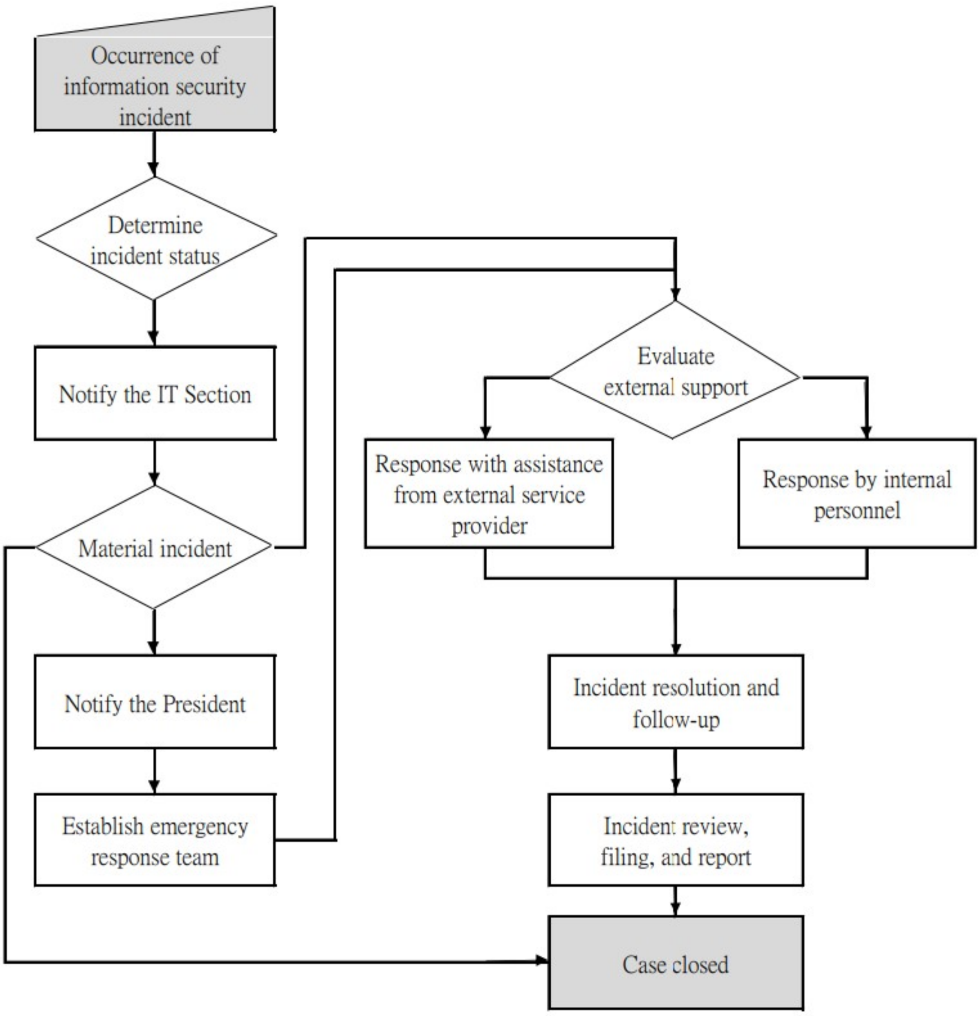
(IV) Information security investment plan

(1) Two-factor authentication mechanism: In response to the increased and sustained demand for remote connection in the post-pandemic era, we implement the two-factor authentication mechanism with security checks and login password for external connected devices to ensure that the connected devices do not infiltrate and cause damage to the Company's system.

(2) Endpoint detection and response (EDR) and managed detection and response (MDR) services: We implement endpoint detection and response (EDR) to detect malware intrusions and prevent ransomware attacks at all times. We collect and report detection information and implement 24-hour continuous monitoring to detect signs of ransomware in real time. It prevents employees' laptops and other devices from being hijacked by individuals with malicious intent, which may lead to business interruption.

(V) Emergency reporting procedures

The Company's reporting procedures for information security incidents are as follows. The reporting of and response to information security incidents are processed in accordance with the procedures.



List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important Contracts: None.

Six. Financial Information

I. Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years

(I) Condensed Balance Sheet

1. Consolidated Condensed Balance Sheet - IFRS

Unit: NTD thousand

Item \ Year		Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		3,220,429	3,193,614	2,675,797	2,967,629	3,410,424
Property, plant, and equipment		371,289	293,774	227,987	190,114	150,450
Intangible assets		6,170	7,510	4,785	6,561	6,169
Other assets		775,294	1,749,837	3,823,952	3,249,942	3,654,669
Total assets		4,373,182	5,244,735	6,732,521	6,414,246	7,221,712
Current liabilities	Before distribution	920,458	1,865,805	2,725,410	2,471,247	1,993,466
	After distribution	1,072,924	2,030,976	2,907,490	2,739,740	2,150,736
Non-current liabilities		155,141	34,478	36,342	65,235	65,006
Total liabilities	Before distribution	1,075,599	1,900,283	2,761,752	2,536,482	2,058,472
	After distribution	1,228,065	2,065,454	2,943,832	2,804,975	2,215,742
Equity attributed to the owners of the parent company		3,297,583	3,344,452	3,970,769	3,877,764	5,163,240
Capital stock		1,270,550	1,270,550	1,490,550	1,490,550	1,490,550
Capital surplus		677,467	677,467	974,247	974,247	984,201
Retained earnings	Before distribution	1,172,756	1,209,832	1,396,626	1,602,499	1,902,174
	After distribution	1,020,290	1,044,661	1,214,546	1,334,006	1,744,904
Other equity		176,810	186,603	368,902	33,949	966,061
Treasury stock		0	0	(259,556)	(223,481)	(179,746)
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	3,297,583	3,344,452	3,970,769	3,877,764	5,163,240
	After distribution	3,145,117	3,179,281	3,788,689	3,609,271	5,005,970

Note 1: Information for 2019 to 2023is based on the consolidated financial statements audited and certified by CPA and based on IFRS.

2. Standalone Condensed Balance Sheet - IFRS

Unit: NTD thousands

Item \ Year		Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Current assets		1,008,818	1,898,842	1,489,295	1,731,698	1,893,399
Property, plant, and equipment		26,643	26,578	18,637	10,441	7,240
Intangible assets		4,111	5,876	3,649	5,094	5,596
Other assets		3,337,634	3,364,949	5,112,057	4,764,507	5,251,912
Total assets		4,377,206	5,296,245	6,623,638	6,511,740	7,158,147
Current liabilities	Before distribution	938,429	1,919,453	2,624,818	2,589,351	1,940,908
	After distribution	1,090,895	2,084,624	2,806,898	2,857,844	2,098,178
Non-current liabilities		141,194	32,340	28,051	44,625	53,999
Total liabilities	Before distribution	1,079,623	1,951,793	2,652,869	2,633,976	1,994,907
	After distribution	1,232,089	2,116,964	2,834,949	2,902,469	2,152,177
Equity attributed to the owners of the parent company		3,297,583	3,344,452	3,970,769	3,877,764	5,163,240
Capital stock		1,270,550	1,270,550	1,490,550	1,490,550	1,490,550
Capital surplus		677,467	677,467	974,247	974,247	984,201
Retained earnings	Before distribution	1,172,756	1,209,832	1,396,626	1,602,499	1,902,174
	After distribution	1,020,290	1,044,661	1,214,546	1,334,006	1,744,904
Other equity		176,810	186,603	368,902	33,949	966,061
Treasury stock		0	0	(259,556)	(223,481)	(179,746)
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	3,297,583	3,344,452	3,970,769	3,877,764	5,163,240
	After distribution	3,145,117	3,179,281	3,788,689	3,609,271	5,005,970

Note 1: Information for 2019 to 2023 is based on the standalone financial statements audited and certified by CPA based on IFRS.

(II) Condensed Statement of Comprehensive Income

1. Consolidated Condensed Statements of Comprehensive Income - IFRS

Unit: NTD thousands

Year / Item	Financial information for the most recent five years				
	2019	2020	2021	2022	2023
Operating revenue	4,169,494	3,399,884	3,951,319	4,256,952	3,056,224
Gross profit	605,987	463,509	523,269	758,787	573,831
Operating income (loss)	268,756	162,115	199,441	413,277	237,191
Non-operating revenue and expenses	17,244	101,048	25,670	104,503	92,060
Net profit before tax	286,000	263,163	225,111	517,780	329,251
Net profit from continuing operation	183,626	190,268	176,681	359,682	246,790
Loss on discontinued operation	0	0	0	0	0
Net income (loss)	183,626	190,268	176,681	359,682	246,790
Other comprehensive income (net income after tax)	40,969	9,067	268,332	(306,374)	1,272,892
Current total consolidated income	224,595	199,335	445,013	53,308	1,519,682
Net profit attributable to owners of the parent company	183,626	190,268	176,681	359,682	246,790
Net profit attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to owners of the parent company	224,595	199,335	445,013	53,308	1,519,682
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	1.45	1.50	1.50	3.22	2.18

Note 1: Information for 2019 to 2023 is based on the consolidated financial statements audited and certified by CPA and based on IFRS.

2. Standalone Condensed Statements of Comprehensive Income - IFRS

Unit: NTD thousands

Item \ Year	Financial information for the most recent five years				
	2019	2020	2021	2022	2023
Operating revenue	4,161,994	3,399,884	3,951,319	4,256,952	3,056,224
Gross profit	399,983	358,944	362,538	492,588	413,704
Operating income (loss)	188,478	118,581	91,358	200,871	121,273
Non-operating revenue and expenses	43,143	125,642	94,447	230,936	156,705
Net profit before tax	231,621	244,223	185,805	431,807	277,978
Net profit from continuing operation	183,626	190,268	176,681	359,682	246,790
Loss on discontinued operation	0	0	0	0	0
Net income (loss)	183,626	190,268	176,681	359,682	246,790
Other comprehensive income (net income after tax)	40,969	9,067	268,332	(306,374)	1,272,892
Current total consolidated income	224,595	199,335	445,013	53,308	1,519,682
Net profit attributable to owners of the parent company	183,626	190,268	176,681	359,682	246,790
Net profit attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to owners of the parent company	224,595	199,335	445,013	53,308	1,519,682
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	1.45	1.50	1.50	3.22	2.18

Note 1: Information for 2019 to 2023 is based on the standalone financial statements audited and certified by CPA based on IFRS.

(III) Names of CPAs and audit opinions for the last five years

Year	Name of CPA	Audit Opinion
2019	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2020	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2021	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2022	Po-Chuan Lin, Chun-Yao Lin	Unqualified opinion
2023	Po-Chuan Lin, Chun-Yao Lin	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial analysis

1. Consolidated financial analysis for the last five years - IFRS adopted

Analysis item \ Year		Financial analysis for the last five years				
		2019	2020	2021	2022	2023
Financial structure	Debt to assets ratio (%)	24.60	36.23	41.02	39.54	28.50
	Long-term capital to property real estate, plant and equipment ratio (%)	929.93	1150.18	1757.61	2074.02	3475.07
Debt servicing capability	Current ratio (%)	349.87	171.17	98.18	120.09	171.08
	Quick ratio (%)	316.03	150.06	78.84	105.14	153.70
	Interest earned ratio (times)	367.20	60.92	19.95	27.73	15.99
Management capacity	Receivables turnover ratio (times)	7.11	6.33	8.02	8.13	6.51
	Average collection days	51	58	46	45	56
	Inventory turnover ratio (times)	8.81	8.33	7.44	7.80	6.94
	Payables turnover ratio (times)	4.73	4.46	4.85	4.84	4.31
	Average inventory turnover days	41	44	49	47	53
	Property, plant and equipment turnover ratio (times)	9.73	10.22	15.15	20.36	17.95
	Total asset turnover ratio (times)	0.93	0.71	0.66	0.65	0.45
Profitability	Return on assets (%)	4.09	4.03	3.11	5.71	3.88
	Return on equity (%)	5.62	5.73	4.83	9.17	5.46
	Net income before tax to paid-in capital ratio (%)	22.51	20.71	15.10	34.74	22.09
	Net profit margin (%)	4.40	5.60	4.47	8.45	8.07
	Earnings per share (NTD)	1.45	1.50	1.50	3.22	2.18
Cash flow	Cash flow ratio (%)	46.86	18.28	10.39	28.22	9.12

	Cash flow adequacy ratio (%)	138.06	133.24	133.65	157.57	157.29
	Cash reinvestment ratio (%)	5.50	3.94	2.16	9.47	(1.29)
Leverage	Operating leverage	2.92	3.70	3.10	2.07	2.57
	Financial leverage	1.00	1.03	1.06	1.05	1.10

Reasons for the variations of financial ratios in the last two years: (if the change increase/decrease is less than 20%, analysis may be exempted)

1. The debt to assets ratio decreased due to the increase in current assets and the increase in non-current assets.
2. Long-term capital to property real estate, plant and equipment ratio increased due to the increase in total equity.
3. The current ratio and quick ratio increased due to the increase in current assets and the decrease in current liabilities.
4. The interest earned ratio and net income before tax to paid-in capital ratio decreased, primarily due to the decrease in net income before tax in 2023.
5. The receivables turnover ratio and total asset turnover ratio decreased, and the average collection days increased due to the decrease in net sales in 2023.
6. The property, plant and equipment turnover ratio decreased due to the decrease in net sales and average property, plant and equipment in 2023.
7. The return on assets, return on equity, and earnings per share decreased due to the decrease in net income after tax in 2023.
8. The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio decreased, primarily due to the decrease in net cash flow from operating activities resulting from the decrease in operating income in 2023.
9. The operating leverage increased due to the decrease in net sales in 2023.

Note 1: Information for 2019 to 2023 is based on the consolidated financial statements audited and certified by CPA and based on IFRS.

2. Standalone financial analysis for the last five years - IFRS adopted

Analysis item \ Year		2019	2020	2021	2022	2023
Financial structure	Debt to assets ratio (%)	24.66	36.85	40.05	40.45	27.87
	Long-term capital to property real estate, plant and equipment ratio (%)	12906.87	12705.21	21456.35	37567.18	72061.31
Debt servicing capability	Current ratio (%)	107.50	98.93	56.74	66.88	97.55
	Quick ratio (%)	106.36	98.78	56.08	66.19	97.53
	Interest earned ratio (times)	306.97	57.18	16.66	23.31	13.66
Management capacity	Receivables turnover ratio (times)	7.10	6.33	8.02	8.13	6.51
	Average collection days	51	58	46	45	56
	Inventory turnover ratio (times)	622.85	450.71	358.77	214.89	288.86
	Payables turnover ratio (times)	4.23	3.81	4.59	4.49	3.81
	Average inventory turnover days	1	1	1	1	1
	Property, plant and equipment turnover ratio (times)	251.59	127.76	174.78	292.80	345.71
	Total asset turnover ratio (times)	0.95	0.64	0.66	0.65	0.45
Profitability	Return on assets (%)	4.10	4.01	3.12	5.71	3.87
	Return on equity (%)	5.62	5.73	4.83	9.17	5.46
	Net income before tax to paid-in capital ratio (%)	18.23	19.22	12.47	28.97	18.65
	Net profit margin (%)	4.41	5.60	4.47	8.45	8.07
	Earnings per share (NTD)	1.45	1.50	1.50	3.22	2.18
Cash flow	Cash flow ratio (%)	5.57	68.21	1.23	19.87	(7.95)
	Cash flow adequacy ratio (%)	94.41	213.19	205.24	237.98	176.39
	Cash reinvestment ratio (%)	(3.14)	32.66	(3.19)	8.13	(7.85)
Leverage	Operating leverage	2.11	(3.20)	1.88	2.41	25.20
	Financial leverage	1.00	1.04	1.15	1.11	1.22

Reasons for the variations of financial ratios in the last two years: (if the change increase/decrease is less than 20%, analysis may be exempted)

1. The debt to assets ratio decreased due to the increase in current assets and the increase in non-current assets.
2. Long-term capital to property real estate, plant and equipment ratio increased due to the increase in total equity.
3. The current ratio and quick ratio increased due to the increase in current assets and the decrease in current liabilities.
4. The interest earned ratio and net income before tax to paid-in capital ratio decreased, primarily due to the decrease in net income before tax in 2023.
5. The receivables turnover ratio and total asset turnover ratio decreased, and the average collection days, property, plant and equipment turnover ratio, and operating leverage increased due to the decrease in net sales in 2023.
6. The inventory turnover ratio increased, primarily due to the decrease in average inventory.
7. The return on assets, return on equity, and earnings per share decreased due to the decrease in net income after tax in 2023.
8. The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio decreased, primarily due to the decrease in net cash flow from operating activities resulting from the decrease in operating income in 2023

Note 1: Information for 2019 to 2023 is based on the standalone financial statements audited and certified by CPA based on IFRS.

1. Financial structure
   (1) Debt to total assets ratio＝Total debt /Total assets.
   (2) Ratio of long-term capital to property, plant & equipment = (total equity+ non-current liabilities) / net worth of property, plant and equipment.
2. Debt servicing capability
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio＝ (current assets - inventory - pre-payment) / current liabilities.
   (3) Interest earned ratio = profit before income tax and interest expenses / interest expenses.
3. Management capacity
   (1) Accounts receivable (include receivable amounts and receivable bills from operation) turnover = net sales / average accounts receivable in each period (include receivable amounts and receivable bills from operation) balance.
   (2) Average collection period = 365 / accounts receivable turnover.
   (3) Inventory turnover ratio = sales cost / average inventory amount.
   (4) Accounts payable (include payable amounts and payable bills from operation) turnover = sales cost / average accounts payable in each period (include payable amounts and payable bills from operation) balance.
   (5) Average days in sales＝365 / inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = net sales /average net worth of property, plant and equipment.
   (7) Total assets turnover ratio＝Net sales / Average total assets.
4. Profitability
   (1) Return on asset＝ [earnings after tax + interest expense× (1 - interest rate)] / average total assets.
   (2) Return on shareholders' equity＝earnings (loss) after tax / average total equity.
   (3) Profit ratio＝earnings (loss) after tax / net sales.
   (4) Earning 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 adequacy ratio = net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flows from operating activities in the last five years / (capital expenditure ＋inventory increase + cash dividends) in the last five years.
   (3) Cash reinvestment ratio = (cash provided by operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net sales - variable cost) / income from operations.
   (2) Financial leverage＝income from operations / (income from operations - interest expense).

III. Audit Committee's Review Report of the Financial Statements in the Most Recent Year

Creative Sensor Inc.
Audit Committee's Review Report

The 2023 business report, standalone financial statements, consolidated financial statements, and earnings distribution proposal prepared by the Board of Directors have been audited by CPA Po-Chuan Lin and CPA Chun-Yao Lin of Pricewaterhouse Coopers Certified Public Accountants, who issued an audit report. The aforementioned business report, standalone financial statements, consolidated financial statements, and earnings distribution proposal have been reviewed by the Audit Committee, which found no misstatement in the above, and thereby issues this review report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review.

Submitted to

The 2024 Annual General Shareholders Meeting

Creative Sensor Inc.
Convener of the Audit Committee:
Shih-Ing Huang

March 5, 2024

IV. Financial Statements of the Most Recent Year

For 2023 financial statements, please refer to page 117 to page 202 of this Annual Report.

V. Company's Standalone Financial Statements of the Most Recent Year Audited by Auditors. For the Company's 2023 standalone financial statements, please refer to page 203 to page 290 of this Annual Report.

VI. Summary of any financial difficulty of the Company or its affiliates in the most recent year and up to the printing date of the annual report. In case of any financial difficulty, the impact of such difficulty on the Company shall be explained: None.

Seven. Review and Analysis of Financial Status and Operational Results and Risks

I. Financial Status

(I) Financial status comparison and analysis table

Unit: NTD thousands

Item \ Year	2023	2022	Difference		
			Amount	%	Description
Current assets	3,410,424	2,967,629	442,795	14.92	—
Fixed assets	150,450	190,114	(39,664)	(20.86)	1
Other assets	3,660,838	3,256,503	404,335	12.41	—
Total assets	7,221,712	6,414,246	807,466	12.58	—
Current liabilities	1,993,466	2,471,247	(477,781)	(19.33)	—
Total liabilities	2,058,472	2,536,482	(478,010)	(18.84)	—
Capital stock	1,490,550	1,490,550	—	—	—
Capital surplus	984,201	974,247	9,954	1.02	—
Retained earnings	1,902,174	1,602,499	299,675	18.70	—
Total shareholders' equity	5,163,240	3,877,764	1,285,476	33.14	2

The description of the variation in ratios between the two periods: The analysis shall be provided when the change increase/decrease reaches 20% and the absolute amount exceeds NT$10,000 thousand.
1. Primarily due to the increase in depreciation appropriated and the decrease in the net worth.
2. Primarily due to net income before tax and the disposal of marketable securities.

II. Financial Performance

(I) Financial performance comparison analysis

Item \ Year	2023	2022	Increase (decrease) amount	Change ratio %	Analysis and explanation for change of ratio
Operating revenue	3,056,224	4,256,952	(1,200,728)	(28.20)	1
Operating costs	2,482,393	3,498,165	(1,015,772)	(29.03)	1
Gross profit	573,831	758,787	(184,956)	(24.37)	1
Operating expenses	336,640	345,510	(8,870)	(2.56)	—
Net operating profit	329,251	413,277	(84,026)	(20.33)	1
Non-operating revenue and expenses					—
Other income	166,519	156,689	9,830	6.27	—
Other interest and loss	(49,888)	(36,669)	(13,219)	(36.64)	2
Finance costs	(21,968)	(19,370)	(2,598)	(13.41)	—

Share of profits/losses on equity-accounted associated companies and joint ventures	(2,603)	3,853	(6,456)	(167.55)	—
Net profit before tax	329,251	517,780	(188,529)	(36.41)	3
Income tax expenses	(82,461)	(158,098)	75,637)	47.84	3
Net profit	246,790	359,682	(112,892)	(31.38)	3

The description of the variation in ratios: If the change increase/decrease is less than 20% or less than NT$10,000 thousand, the analysis may be exempted; the analysis is as follows:

1. Operating income and gross profit decreased due to the sluggish demand in the end markets.
2. Due to the decrease in dividend income.
3. Due to the decrease is operating income and gross profit and the decrease in non-operating income.

III. Cash Flow

(I) Analysis of cash flow changes in the most recent year:

Year / Item	2023	2022	Increase (decrease) ratio
Cash flow ratio (%)	9.12	28.22	(67.68)
Cash flow adequacy ratio (%)	157.29	157.57	—
Cash reinvestment ratio (%)	(1.29)	9.47	(113.62)

Cash flow ratio and cash reinvestment ratio decreased, primarily due to the decrease in cash flow from operating income resulting from the decrease in operating income and gross profit and the decrease in non-operating income.

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

(III) Cash liquidity analysis for the next year:

Unit: NTD thousands

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	Financial management plan
2,471,963	353,688	(257,915)	2,567,736	$ -	$ -

1. Analysis of changes in cash flow during the year

(1) Operating activities: The net cash inflow was primarily generated from the stable operating income, continuous profits, and current effective control over inventory and accounts receivable.

(2) Investing activities: The net cash inflow from investing activities was primarily generated from the disposal of stocks of listed companies.

(3) Financing activities: The net cash outflow from financing activities was primarily due to the distribution of cash dividends and the capital reduction in cash.

2. Remedial measures for the estimated cash deficit and liquidity analysis: Not applicable.

IV. Impact of Significant Capital Expenditures in the Most Recent Year on the Financial and Operating Conditions of the Company: There were no significant capital expenditures in the most recent year.

V. Investment Policy for the Most Recent Year, Main Reasons for Profits/Losses Generated, Improvement Plans, and Investment Plans for the Next Year

(I) Investment policy

The investments of the Group mainly focus on the core business of image sensors. The Company has adopted a conservative attitude for the review of investment plans in line with the Company's long-term development plans.

(II) Main cause of profit or loss

The share of profit or loss of affiliates and joint ventures accounted for using the equity method was NT$(2,603) thousand, representing a decrease of NT$6,456 thousand from NT$3,853 thousand in 2022, which was due to the decrease in the profits of investees.

(III) Investment plan for the next year

With regard to the investment plan for next year, in addition to the continuous focus in the investment of the core business, the Group will make adjustments and implement future development strategy based on the future economic changes along with the new product development progress of the Group.

VI. Risk Analysis and Assessment Made in the Most Recent Year and up to the Printing Date of the Annual Report

(I) Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the company and future response measures

1. Impact on company profit (loss)

Unit: NTD thousands

Item	2023 amount	Percentage of operating revenue %	Percentage of net income before tax %
Net interest income	11,552	0.38	3.51
Net foreign exchange gain (loss)	16,316	0.53	4.95
Net forward hedging gain (loss)	(56,184)	(1.83)	(17.06)

2. Interest rate change

The interest rate risk of the Group mainly came from the short-term borrowings. Due to the borrowings at floating interest rate, the Group borne the cash flow interest rate risk, and a portion of the interest rate risk was being offset by the cash and cash equivalents held. While facing the impact of the fluctuation of the loan interest rate, the Group reviews the market change at all times and implements timely adjustments for the financing strategy.

3. Exchange rate change

When the Group's business involves non-functional currency (the functional currency of the Company and certain subsidiaries is NTD, the functional currency of certain subsidiaries is CNY), in case of exchange rate fluctuations, the Company establishes a natural hedging strategy via the assets and liabilities recognized in conjunction with the spot transactions, forward exchange and currency exchange, etc. to achieve hedging. Furthermore, the Group also adopts the principle of stability for hedging, thereby reducing the impact of the exchange rate risks on the Company's income. Information on the foreign currency assets and liabilities with significant exchange rate fluctuation impacts of the Company is as follows (Unit: NTD thousands):

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency (thousands)	Exchange rate	Carrying amount (NTD)	Change percentage	Impact on profit/loss	Impact on other comprehensive income
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 43,557	30.71	$ 1,337,635	1%	$13,376	$ -
RMB:NTD	300	4.34	1,302	1%	13	-
USD:RMB	32,940	7.08	1,011,587	1%	10,116	-
Financial liabilities						
Monetary items						
USD:NTD	$ 15,470	30.71	$ 475,084	1%	$ 4,751	$ -
USD:RMB	12,160	7.08	373,434	1%	3,734	-

	December 31, 2022					
				Sensitivity analysis		
	Foreign currency (thousands)	Exchange rate	Carrying amount (NTD)	Change percentage	Impact on profit/loss	Impact on other comprehensive income
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 53,451	30.73	$ 1,642,549	1%	$ 16,425	$ -
RMB:NTD	300	4.41	1,323	1%	13	-
USD:RMB	45,612	6.96	1,401,657	1%	14,017	-
Financial liabilities						
Monetary items						
USD:NTD	$ 33,284	30.73	$ 1,022,817	1%	$ 10,228	$ -
USD:RMB	20,727	6.96	636,941	1%	6,369	-

4. Inflation

Inflation has not adversely impacted the operations of the Group. The Group will closely monitor the impact of interest rate, exchange rate, and inflation on the income of the Group and will propose relevant response measures in a timely manner.

(II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future response measures

1. In the most recent year, the Group did not engage in high-risk or high-leverage investments.
2. Up to December 31, 2023, both the balance of the loans to others and the balance of guarantee/endorsement made by the Company was zero.
3. As of December 31, 2023, the Group's forward exchange contracts for derivative financial products used for evading risks arising from the exchange rate fluctuations totaled USD 18 million, swap exchange contracts for derivative financial products used for evading risks arising from the exchange rate fluctuations totaled USD 18 million. Since the Company uses derivatives for the purpose of hedging risk and since the "Procedures for Acquisition or Disposal of Assets" of the Company impose strict requirements for such transactions, the profit or loss arising from such transactions has not caused material impact on the profit or loss of the Company. The Company will continue operations for the purpose of hedging risks in future operations.
4. Hedge accounting adopted for financial products and its purpose and method: The Group has not adopted hedge accounting.

With regard to the execution of aforementioned relevant policies, in addition to careful assessment, periodic report, and management, the execution is also based on the requirements specified in the "Procedures for Acquisition or Disposal of Assets," "Procedures for Loaning Funds to Others," and "Procedures for Making Endorsements and Guarantees" of the Company.

(III) Future R&D plan and expected investment in R&D budget

1. Future R&D plan

(1) Continuous improvement for CIMS cost and quality.
(2) Digital CISM design with high depth of field.
(3) New generation of CISM light source design with high brightness.
(4) Smart pattern comparison sensor.
(5) Development of the zoom infrared thermal imaging module.
(6) Development of the multispectral imaging module.

2. Expected R&D expenditures: The expected R&D expenditures for 2024 total approximately NTD 69 million.

(IV) Impacts of domestic/foreign important policies and changes of laws on the financial business of the Company and response measures

The management team of the Group has always paid close attention to domestic and foreign policies and laws that may affect the finance and business of the Company. Up to the present day, changes of relevant polices and laws have no material impact on the finance and business of the Company.

(V) Impacts of changes in technology and industry on the financial business of the Company and response measures

Emails have replaced facsimile to become the primary channel of communication. In view of such trend and development, processing facsimile will no longer compel consumers to purchase MFPs. Therefore, the functions of scanning and photocopying are the key niches for MFPs. From fax machines and scanners to integrated MFP with multiple functions such as facsimile, scanning, photocopying, and printing, the Company has been able to meet market demand and maintains high sensitivity to the changes in technology in the industry to swiftly respond to and satisfy customer demand.

(VI) Impacts of change of cooperate image on the cooperate crisis management and response measures

The Group is committed to maintaining its corporate image and compliance with laws and regulations. There has been no occurrence of incidents capable of affecting the Company's image.

(VII) Expected benefits, possible risks, and response measures for merger: The Group did not engage in any merger or acquisition in the most recent year.

(VIII) Expected benefits, possible risks, and response measures for expansion of facilities: The Group did not perform any expansion of facilities in the most recent year.

(IX) Risks resulting from consolidation of purchasing or sales operations and response measures

The market of MFPs is mainly controlled by brands, and the market share of the Group's key customers accounts for more than half of the global market. The concentration of sales is the norm in this industry. With regard to the demand and supply of color image sensors, as very few domestic manufacturers that have the technical know-how for manufacturing color image sensors, and as there is high market demand and high barriers to entry, an oligopoly has been created in the industry. Only a few manufacturers among domestic and foreign manufacturers, such as Asia Tech Image Inc., Canon (Japan) and the Company, are currently capable of mass producing CISM. Due to limited supply, major system manufacturers have concentrated the sources of their procurement.

(X) Impacts, risks, and response measures of Directors or shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the company: In the most recent year, Directors or major shareholders with shareholding percentage exceeding 10% of the Company did not engage in large equity transfer or change.

(XI) Impact, risks, and response measures for changes in management rights: None.

(XII) For litigation or non-litigation cases, the Company and Directors, General Managers, substantial responsible person, major shareholder with shareholding exceeding 10% of the Company and affiliates that are involved in major lawsuits with affirmative judgment or is pending in the court proceeding, non-litigation or administrative dispute cases with results capable of causing material impacts on the interests of shareholders or stock price, the dispute fact, claim amount, litigation starting date, primary litigation parties, and handling status up to the printing date of the annual report shall be disclosed: None.

(XIII) Other significant risks and response measures: None.

VII. Other Important Matters: None.

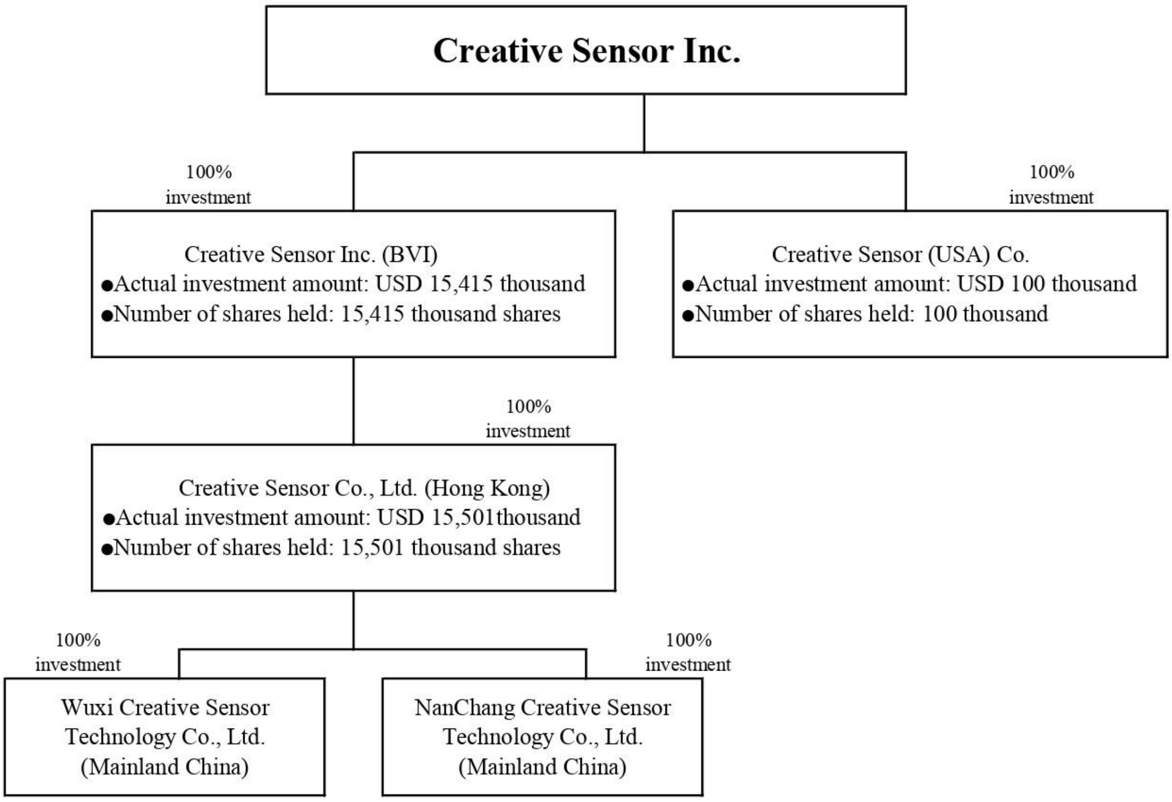
Eight. Special Disclosure

I. Affiliated Enterprise Information

(I) Affiliated enterprise consolidated business report

1. Affiliated enterprise overview

(1) Affiliated enterprise organizational chart



(2) Affiliated enterprise basic information

December 31, 2023

Unit: NTD thousands

Enterprise Name	Incorporation Date	Address	Paid-in Capital	Primary business or product
Creative Sensor Inc.	91.06	Beaufort House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.	583,416	Holding company
Creative Sensor (USA) Co.	94.10	19 Peters Canyon Rd., Ste C, Irvine, CA, 92606	3,169	Research and development of new products
Creative Sensor Co., Ltd.	91.07	Unit 618 6/F Peninsula CRT., No. 67 Mody Rd., TST East, Kowloon, HK	586,837	Holding company
Wuxi Creative Sensor Technology Co., Ltd.	91.08	No. 9, Changjiang South Road, Xinwu District, Wuxi City, Jiangsu Province	35,815	Research and development of Image sensors

NanChang Creative Sensor Technology Co., Ltd.	96.04	No. 36, Huoju 5th Road, Gaoxin Development Park, Nanchang City, Jiangxi Province	941,670	Manufacturing of image sensors

Note: If an affiliate is a foreign company, relevant numbers is converted into NTD based on the exchange rate on the reporting date for presentation.

(3) Information of shareholders presumed to have control the same as the affiliates: No such occurrences.

(4) Industries covered by the business operations of affiliates Scope of industries covered by the business operations of affiliates: Holding company and manufacturing of image sensors.

(5) Information of directors, supervisors and presidents of affiliated enterprises

December 31, 2023

Unit: thousand shares

Enterprise Name	Title	Name	Representative	Number of shares held	
				Number of Shares	Shareholding Ratio
Creative Sensor Inc.	Chairman	Creative Sensor Inc.	Yu-Jen Huang	15,415	100%
Creative Sensor Co., Ltd.	Director	Creative Sensor Inc.	Yu-Jen Huang	15,501	100%
	Director	Creative Sensor Inc.	Chien-I Lai		
Wuxi Creative Sensor Technology Co., Ltd.	Director	Creative Sensor Co., Ltd.	Yu-Jen Huang	Investment certificate	100%
	Director	Creative Sensor Co., Ltd.	Fu-Hsiang Ku		
	Director	Creative Sensor Co., Ltd.	En-Kuo Wang		
	Director	Creative Sensor Co., Ltd.	Chi-Chang Yang		
	Chairman	Creative Sensor Co., Ltd.	Chien-Lung Chen		
	Supervisor	Creative Sensor Co., Ltd.	Chen-Cheng Chang		
	President	Hsien-Fu Hsiao		-	-
NanChang Creative Sensor Technology Co., Ltd.	Director	Creative Sensor Co., Ltd.	Yu-Jen Huang	Investment certificate	100%
	Director	Creative Sensor Co., Ltd.	Yao-Ming Wei		
	Chairman	Creative Sensor Co., Ltd.	En-Kuo Wang		
	Director	Creative Sensor Co., Ltd.	Chi-Chang Yang		
	Director	Creative Sensor Co., Ltd.	Chun-Mei Yen		
	Supervisor	Creative Sensor Co., Ltd.	Chieh-Fang Hou		
	President	Hsien-Fu Hsiao		-	-
Creative Sensor (USA) Co.	Chairman	Creative Sensor Inc.	Yu-Jen Huang	100	100%
	Director	Creative Sensor Inc.	Chi-Chang Yang		
	Director	Creative Sensor Inc.	Chi-Wen Chen		

2. Operation summary of affiliated enterprise:

December 31, 2023

Unit: NTD thousands

Enterprise Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Profit and loss (after tax)	EPS (NTD)
Creative Sensor Inc.	583,416	1,635,126	74	1,635,052	0	(82)	95,021	6.16
Creative Sensor (USA) Co.	3,169	8,799	4,119	4,680	0	(9,141)	183	1.83
Creative Sensor Co., Ltd.	586,837	1,313,537	11,026	1,30,511	0	(155)	102,728	6.63
Wuxi Creative Sensor Technology Co., Ltd.	35,815	170,335	233	170,102	0	(2,629)	4,668	(Note 2)
NanChang Creative Sensor Technology Co., Ltd.	941,670	1,618,690	489,099	1,129,591	2,580,372	116,754	105,392	(Note 2)

Note 1: If an affiliate is a foreign company, relevant numbers is converted into NTD based on the exchange rate on the reporting date for presentation.

Note 2: Not applicable to limited liability companies.

(II) Affiliated enterprise consolidated financial statements

The companies that must be included in the preparation of the affiliated enterprise consolidated financial statements are the same as the companies that must be included in the preparation of the consolidated financial statement of affiliates and parent company. In addition, relevant information required to be disclosed in the consolidated financial statement of the affiliates has been disclosed completely in the consolidated financial statement of affiliates and parent company. Therefore, the Company does not provide a separate consolidated financial statement of the affiliates.

(III) Affiliated enterprise report: None.

II. Any Private Placement of Securities within the Latest Fiscal Year and as of the Date of the Annual Report: None.

III. Any Share Ownership and Disposal of Shares of the Company by Subsidiaries within the Latest Fiscal Year and as of the Date of the Annual Report: None.

IV. Additional Information Required to be Disclosed: None.

V. Events with Major Impacts on Shareholder Equity or Share Value in the Most Recent Year as of the Printing Date of the Annual Report: None.

Creative Sensor Inc.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Representative: Ko Ikujin

March 5, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CREATIVE SENSOR INC.

Opinion

We have audited the accompanying consolidated balance sheets of Creative Sensor Inc. 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 significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (refer to the *Other matter* section), 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 Auditing and Attestation of Financial Statements by 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 outlined as follows:

Impairment assessment of investments accounted for using equity method

Description

refer to Note 4(14) for accounting policy on investments of associates accounted for using equity method, Note 5 for the details of uncertainty of impairment assessment and assumption of investments accounted for using equity method, and Note 6(7) for the details of investments accounted for using equity method.

The Group applied value-in-use to measure recoverable amount and assessed the impairment of its investment, Teco Image Systems Co., Ltd. (hereinafter referred to as "Teco Image Systems"), accounted for using equity method. Since the calculation of value-in-use involves the estimation of future cash flows and discount rate, there is high uncertainty in relation to the assumptions, and the estimated outcome has a significant effect to the valuation of value-in-use, we identified the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures in estimating future cash flows, and confirmed whether the future cash flows used in the valuation model was in agreement with the Teco Image Systems's operational plan.
2. Compared the estimated revenue growth rate, gross rate and operating expense rate used in assessing value-in-use with the historical data and other independent sources of economic and industry forecasts.
3. Compared the discount rate used in assessing value-in-use with the capital cost of cash generating units and similar return on assets.
4. Checked the calculation accuracy of the valuation model.

Other matter – Reference to the reports of the other auditors

We did not audit financial statements of certain investments accounted for using 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$234,515 thousand and NT$216,815 thousand, constituting 3.25% and 3.38% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT$24,103 thousand and NT$16,236 thousand, constituting 1.59% and 30.46% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Creative Sensor Inc. 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 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 judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Lin Po-Chuan

Lin, Po-Chuan

Lin, Chun-Yao

Lin, Chun-Yao

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 5, 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.

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 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,471,963	34	$ 1,692,222	26
1110	Financial assets at fair value through profit or loss - current	6(2)	30,718	-	5,392	-
1136	Financial assets at amortized cost - current, net	6(3)	191,119	3	268,963	4
1170	Accounts receivable, net	6(4)	336,833	5	602,419	10
1200	Other receivables		5,280	-	6,697	-
1210	Other receivables - related parties, net	7	47	-	-	-
130X	Inventories, net	6(5)	346,477	5	369,312	6
1479	Other current assets		27,987	-	22,624	-
11XX	**Total current assets**		3,410,424	47	2,967,629	46
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(6) and 8	2,666,197	37	2,305,527	36
1550	Investments accounted for using the equity method	6(7)	917,076	13	854,702	13
1600	Property, plant and equipment, net	6(8)	150,450	2	190,114	3
1755	Right-of-use assets	6(9)	38,940	1	53,262	1
1780	Intangible assets		6,169	-	6,561	-
1840	Deferred income tax assets	6(24)	6,058	-	8,052	-
1990	Other non-current assets	6(13)	26,398	-	28,399	1
15XX	**Total non-current assets**		3,811,288	53	3,446,617	54
1XXX	**Total assets**		$ 7,221,712	100	$ 6,414,246	100

(Continued)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 1,300,000	18	$ 1,350,000	21
2120	Financial liabilities at fair value through profit or loss - current	6(11)	-	-	746	-
2170	Accounts payable		404,393	6	745,841	12
2180	Accounts payable - related parties	7	-	-	1,665	-
2200	Other payables	6(12) and 7	238,579	3	283,410	5
2230	Income tax payable		40,364	-	68,189	1
2280	Current lease liabilities		4,048	-	12,243	-
2300	Other current liabilities		6,082	-	9,153	-
21XX	**Total current liabilities**		1,993,466	27	2,471,247	39
	Non-current liabilities					
2570	Deferred income tax liabilities	6(24)	65,006	1	60,381	1
2580	Non-current lease liabilities		-	-	4,854	-
25XX	**Total non-current liabilities**		65,006	1	65,235	1
2XXX	**Total liabilities**		2,058,472	28	2,536,482	40
	Equity attributable to owners of parent					
	Share capital	6(15)				
3110	Common stock		1,490,550	21	1,490,550	23
	Capital surplus	6(16)				
3200	Capital surplus		984,201	13	974,247	15
	Retained earnings	6(17)				
3310	Legal reserve		571,311	8	532,516	8
3350	Unappropriated retained earnings		1,330,863	18	1,069,983	17
	Other equity interest	6(18)				
3400	Other equity interest		966,061	14	33,949	-
3500	Treasury shares	6(15)	(179,746)	(2)	(223,481)	(3)
3XXX	**Total equity**		5,163,240	72	3,877,764	60
	Significant subsequent events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 7,221,712	100	$ 6,414,246	100

	Items	Notes	Year ended December 31 2023 AMOUNT	%	2022 AMOUNT	%
4000	Net revenue	6(19) and 7	$ 3,056,224	100	$ 4,256,952	100
5000	Cost of revenue	6(5)(23) and 7	(2,482,393)	(81)	(3,498,165)	(82)
5900	Gross profit		573,831	19	758,787	18
	Operating expenses	6(23) and 7				
6100	Selling expenses		(73,111)	(2)	(76,054)	(2)
6200	General and administrative expenses		(174,360)	(6)	(185,071)	(4)
6300	Research and development expenses		(89,169)	(3)	(84,385)	(2)
6000	Total operating expenses		(336,640)	(11)	(345,510)	(8)
6900	Income from operations		237,191	8	413,277	10
	Non-operating income and expenses					
7100	Interest income	6(20)	33,520	1	10,440	-
7010	Other income	6(21) and 7	132,999	4	146,249	3
7020	Other gains and losses	6(22)	(49,888)	(1)	(36,669)	(1)
7050	Finance costs	6(9)(10)	(21,968)	(1)	(19,370)	-
7060	Share of profit of associates and joint ventures accounted for using equity method, net	6(7)	(2,603)	-	3,853	-
7000	Total non-operating income and expenses		92,060	3	104,503	2
7900	**Profit before income tax**		329,251	11	517,780	12
7950	Income tax expense	6(24)	(82,461)	(3)	(158,098)	(4)
8200	**Net income**		$ 246,790	8	$ 359,682	8
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(13)	$ 4,399	-	$ 2,140	-
8316	Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	1,205,722	40	(301,503)	(7)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)(18)	87,951	3	(23,987)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	(880)	-	(428)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		1,297,192	43	(323,778)	(8)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(18)	(26,188)	(1)	20,960	1
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(6)(18)	2,028	-	(4,022)	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(7)(18)	(140)	-	466	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(24,300)	(1)	17,404	1
8300	**Other comprehensive income (loss) for the period**		$ 1,272,892	42	($ 306,374)	(7)
8500	**Total comprehensive income for the period**		$ 1,519,682	50	$ 53,308	1
	Earnings per share (in dollars)	6(25)				
9750	Basic earnings per share		$	2.18	$	3.22
9850	Diluted earnings per share		$	2.15	$	3.17

Year ended December 31, 2022													
Balance at January 1, 2022		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 497,319	$ 899,307	$ 51,234	$ 317,668	($ 259,556)	$ 3,970,769
Net income for the year		-	-	-	-	-	-	-	359,682	-	-	-	359,682
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	2,954	21,426	(330,754)	-	(306,374)
Total comprehensive income (loss)		-	-	-	-	-	-	-	362,636	21,426	(330,754)	-	53,308
Appropriations of 2021 earnings:	6(17)												
Legal reserve		-	-	-	-	-	-	35,197	(35,197)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(182,080)	-	-	-	(182,080)
Treasury shares reissued to employees	6(14)	-	-	-	-	-	-	-	-	-	-	36,075	36,075
Changes in equity of associates accounted for using equity method		-	-	-	-	-	-	-	6,056	-	(6,364)	-	(308)
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	-	19,261	-	(19,261)	-	-
Balance at December 31, 2022		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 532,516	$ 1,069,983	$ 72,660	($ 38,711)	($ 223,481)	$ 3,877,764
Year ended December 31, 2023													
Balance at January 1, 2023		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 532,516	$ 1,069,983	$ 72,660	($ 38,711)	($ 223,481)	$ 3,877,764
Net income for the year		-	-	-	-	-	-	-	246,790	-	-	-	246,790
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	3,321	(26,328)	1,295,899	-	1,272,892
Total comprehensive income (loss)		-	-	-	-	-	-	-	250,111	(26,328)	1,295,899	-	1,519,682
Appropriations of 2022 earnings:	6(17)												
Legal reseve		-	-	-	-	-	-	38,795	(38,795)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(268,493)	-	-	-	(268,493)
Share-based payment transactions	6(14)	-	-	-	-	9,347	-	-	-	-	-	-	9,347
Treasury shares transferred to employees	6(14)	-	-	9,297	-	(9,347)	50	-	-	-	-	43,735	43,735
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	-	-	607	-	-	-	33,610	-	(33,610)	-	607
Disposal of financial assets at fair value through other comprehensive income	6(6)(18)	-	-	-	-	-	-	-	284,447	-	(303,849)	-	(19,402)
Balance at December 31, 2023		$ 1,490,550	$ 970,251	$ 13,293	$ 607	$ -	$ 50	$ 571,311	$ 1,330,863	$ 46,332	$ 919,729	($ 179,746)	$ 5,163,240

CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 329,251	$ 517,780
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	59,861	74,169
Amortization	6(23)	13,331	17,272
Expected credit impairment (gain) loss	12(2)	(85)	52
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(11)(22)	56,184	12,116
Foreign currency evaluation of financial assets at fair value through other comprehensive income		79	(4,075)
Interest expense	6(9)(10)	21,968	19,370
Interest income	6(20)	(33,520)	(10,440)
Dividend income	6(6)(21)	(104,177)	(119,525)
Share-based payments	6(14)	9,347	-
Share of profit of associates and joint ventures accounted for using equity method	6(7)	2,603	(3,853)
Net gain on disposal of property, plant and equipment	6(22)	(180)	(6,126)
Impairment loss on financial assets	6(22)	-	70,000
Gain from lease modification	6(9)(22)	(16)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(82,256)	(14,790)
Accounts receivable		265,671	(157,102)
Other receivables		2,530	(1,490)
Other receivables - related parties		(47)	3,780
Inventories		16,739	167,296
Other current assets		(5,363)	12,470
Changes in operating liabilities			
Accounts payable		(333,931)	39,575
Accounts payable - related parties		(1,663)	(945)
Other payables		(44,357)	33,792
Other current liabilities		(3,071)	1,598
Cash inflow generated from operations		168,898	650,924
Interest received		31,649	8,754
Dividends received		127,618	133,222
Interest paid		(21,968)	(19,370)
Income tax paid		(125,740)	(76,188)
Income tax refund received		1,313	-
Net cash flows from operating activities		181,770	697,342

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortized cost		$ -	($ 128,980)
Proceeds from disposal of financial assets at amortized cost		75,091	80,453
Acquisition of financial assets at fair value through other comprehensive income		(50,000)	(85,999)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	897,759	236,761
Acquisition of property, plant and equipment	6(26)	(11,983)	(24,609)
Proceeds from disposal of property, plant and equipment		180	11,618
Acquisition of intangible assets		(1,085)	(5,573)
Increase in refundable deposits		404	(403)
Increase in other non-current assets		(3,950)	(3,323)
Net cash flows from investing activities		906,416	79,945
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(27)	-	350,000
Repayments of short-term borrowings	6(27)	(50,000)	(734,800)
Repayments of lease principal	6(27)	(12,005)	(11,996)
Payment of cash dividends	6(17)	(268,493)	(182,080)
Treasury shares sold to employees		43,735	36,075
Net cash flows used in financing activities		(286,763)	(542,801)
Effect of exchange rate		(21,682)	16,540
Net increase in cash and cash equivalents		779,741	251,026
Cash and cash equivalents at beginning of year		1,692,222	1,441,196
Cash and cash equivalents at end of year		$ 2,471,963	$ 1,692,222

CREATIVE SENSOR INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Creative Sensor Inc. (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.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in manufacturing and trading of image sensor and its electronic components. Starting from May 17, 2005, the Company's stock was officially listed on the Taiwan Stock Exchange.

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 February 29, 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

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group'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 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 covenants'	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, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit assets recognized 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 unrealized 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 noncontrolling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)	
Name of investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022
Creative Sensor Inc.	Creative Sensor Inc.	Holding company	100	100
Creative Sensor Inc.	Creative Sensor (USA) Co.	Collection of marketing information and maintaining relationship with customers	100	100
Creative Sensor Inc.	Creative Sensor Co. Ltd.	Holding company	100	100
Creative Sensor Co., Ltd.	Wuxi Creative Sensor Technology Co., Ltd.	Research and development of image sensor	100	100
Creative Sensor Co., Ltd.	Nanchang Creative Sensor Technology Co., Ltd.	Manufacturing of image sensor	100	100

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

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

E. Significant restrictions on fund remittance from subsidiaries to the parent company: 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 consolidated financial statements are presented in New Taiwan dollars, 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 within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements 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 closing exchange rate at the date 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 recognized 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) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) 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 amortized 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 recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Group recognizes the dividend income 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 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 recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group’s business model is achieved both by collecting contractual cash flows and selling financial assets; and

(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 fair value through other comprehensive income are recognized and derecognized using settlement 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:

(a) The changes in fair value of equity investments that were recognized 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 recognized 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.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortized cost

A. Financial assets at amortized 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 amortized cost are recognized and derecognized using trade date accounting.

C. The Group’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) 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.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, including financial assets at amortized cost, debt instruments at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. The perpetual inventory system is adopted for inventory recognition. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using 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 using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize 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 recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized 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. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

F. For the reciprocal investments between the Company and another company, investment income or loss was recognized under equity method based on the amount prior to recognition of profit or loss.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. 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:

Buildings and structures	7 ~ 20 years
Machinery and equipment	1 ~ 10 years
Office equipment	1 ~ 5 years
Leasehold improvements	5 years
Other equipment	1 ~ 5 years

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

A. Leases are recognized 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 recognized 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 fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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 recognized as an adjustment to the right-of-use asset.

D. 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 recognized as an adjustment to the right-of-use asset.

(17) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(18) 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 recognized 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. Except for goodwill, when the circumstances or reasons for recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

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

(20) 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.

(21) 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 categorized 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 recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(22) Derecognition of financial liabilities

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

(23) Non-hedging and embedded derivatives

Non-hedging derivatives are initially recognized 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 recognized in profit or loss.

(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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized 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 recognized 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 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 recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation 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.

(25) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(26) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 recognized, 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. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. 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 realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized 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, unrecognized and recognized deferred tax assets are reassessed.

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(27) Share capital

A. 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.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(28) Revenue recognition

Sale of goods

A. The Group manufactures and sells image sensor and electronic components. Sales are recognized 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. The sales usually are made with a credit term of 30-75 days after monthly billing, 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. A receivable is recognized 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 recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortized to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

(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 is responsible for allocating resources and assessing performance of the operating segments.

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amount of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 224	$ 135
Checking accounts and demand deposits	2,437,057	1,656,794
Time deposits	34,682	35,293
Total	$ 2,471,963	$ 1,692,222

A. The Group transacts with a variety of financial institutions all with high credit quality to diversify 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 at fair value through profit or loss

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 30,718	$ 5,392

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	$ 44,315	$ 13,808

B. The Group has no financial assets at fair value through profit or loss pledged to others.

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

Derivative instruments	December 31, 2023 Contract amount (notional principal) (In thousands)	December 31, 2023 Maturity date of the contract	December 31, 2022 Contract amount (notional principal) (In thousands)	December 31, 2022 Maturity date of the contract
Current items:				
Cross currency swap	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Cross currency swap	USD 2,000	2024.1.12	USD 2,000	2023.2.23
Cross currency swap	USD 2,000	2024.1.12	-	-
Cross currency swap	USD 2,000	2024.1.12	-	-
Cross currency swap	USD 1,000	2024.1.12	-	-
Cross currency swap	USD 5,000	2024.2.22	-	-
Cross currency swap	USD 1,000	2024.2.22	-	-
Cross currency swap	USD 2,000	2024.3.13	-	-
Cross currency swap	USD 1,000	2024.3.13	-	-
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.2.14
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.2.14
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.2.23
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.3.3
Forward exchange contracts	USD 4,000	2024.3.13	USD 2,000	2023.3.27
Forward exchange contracts	USD 2,000	2024.3.13	-	-

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(3) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with maturity over three months	$ 191,107	$ 268,951
Special-purpose demand deposits	12	12
Total	$ 191,119	$ 268,963

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31	
	2023	2022
Interest income	$ 4,289	$ 4,201

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group were $191,119 and $268,963, respectively.

C. The Group has no financial assets at amortized cost pledged to others.

D. Information on financial assets at amortized cost relating to credit risk is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

E. The special-purpose demand deposits refer to the Group's certain self-owned capital deposited into the trust account which is restricted only for the purpose of equity investments.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 336,934	$ 602,605
Less: Loss allowance	(101)	(186)
	$ 336,833	$ 602,419

A. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 306,645	$ 592,273
Up to 30 days	30,289	9,945
31 to 90 days	-	387
	$ 336,934	$ 602,605

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $445,369.

C. The Group does not hold any collateral as security.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s accounts receivable were $336,833 and $602,419, respectively.

E. Information on accounts receivable relating to credit risk is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 125,804	($ 4,239)	$ 121,565
Work in progress	10,155	(10)	10,145
Finished goods	225,327	(10,560)	214,767
Total	$ 361,286	($ 14,809)	$ 346,477

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 203,438	($ 1,244)	$ 202,194
Work in progress	33,401	(250)	33,151
Finished goods	151,411	(17,444)	133,967
Total	$ 388,250	($ 18,938)	$ 369,312

A. The cost of inventories recognized as expense for the period:

	Years ended December 31	
	2023	2022
Cost of goods sold	$ 2,488,568	$ 3,509,175
Assets retirement losses	-	1,478
(Gain on reversal of market value decline of inventories) inventory valuation loss (Note)	(4,129)	(9,660)
Others	(2,046)	(2,828)
Total	$ 2,482,393	$ 3,498,165

Note: The gain from price recovery was caused by the reversal of allowance for inventory which were subsequently scrapped or sold.

B. The Group has no inventories pledged to others.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Debt instruments		
Government bonds	$ 91,198	$ 90,519
Valuation adjustment	(1,994)	(4,022)
Subtotal	89,204	86,497
Equity instruments		
Listed stocks	1,570,780	2,164,690
Unlisted stocks	53,590	3,590
	1,624,370	2,168,280
Valuation adjustment	952,623	50,750
Subtotal	2,576,993	2,219,030
Total	$ 2,666,197	$ 2,305,527

A. The Group has elected to classify abovementioned government bonds and shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,666,197 and $2,305,527 as at December 31, 2023 and 2022, respectively.

B. In line with the Group’s financial management plan, the Group sold $897,759 and $236,761 of equity instrument investments at fair value during the years ended December 31, 2023 and 2022, and the gain on disposal were $303,849 and $19,261, respectively.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31, 2023	Years ended December 31, 2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 1,205,722	($ 301,503)
Cumulative gains reclassified to retained earnings due to derecognition	$ 303,849	$ 19,261
Dividend income recognized in profit or loss		
Held at end of period	$ 93,505	$ 112,188
Derecognised during the period	10,672	7,337
	$ 104,177	$ 119,525
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 2,028	($ 4,022)
Interest income recognized in profit or loss	$ 2,160	$ 1,164

D. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $89,204 and $86,497, respectively.

E. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for using equity method

	December 31, 2023		December 31, 2022	
	Book value	Shareholding ratio	Book value	Shareholding ratio
Associate:				
Tien Da Investment Co., Ltd. (Tien Da)	$ 234,515	29.85%	$ 216,815	29.85%
Teco Image Systems Co., Ltd. (Teco Image)	682,561	29.69%	637,887	29.69%
	$ 917,076		$ 854,702	

	Years ended December 31,			
	2023		2022	
	Share of profit (loss) of associates accounted for using equity method, net	Other comprehensive income after tax	Share of profit of associates accounted for using equity method, net	Other comprehensive loss after tax
Associate:				
Tien Da Investment Co., Ltd. (Tien Da)	$ 10,893	$ 13,210	$ 7,924	$ 8,312
Teco Image Systems Co., Ltd. (Teco Image)	(13,496)	74,601	(4,071)	(31,833)
	($ 2,603)	$ 87,811	$ 3,853	($ 23,521)

A. The basic information of the associate that is material to the Group is as follows:

		Shareholding ratio			
Company name	Principal place of business	December 31, 2023	December 31, 2022	Nature of relationship	Method of measurement
Teco Image Systems Co., Ltd.	Taiwan	29.69%	29.69%	Strategic investment	Equity method

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Teco Image Systems Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	$ 911,534	$ 1,049,308
Non-current assets	2,237,142	1,969,234
Current liabilities	(537,450)	(835,424)
Non-current liabilities	(83,784)	(106,127)
Total net assets	$ 2,527,442	$ 2,076,991
Share in associate's net assets	$ 650,584	$ 605,910
Goodwill	31,977	31,977
Carrying amount of the associate	$ 682,561	$ 637,887

Statement of comprehensive income

	Years ended December 31,	
	2023	2022
Revenue	$ 1,196,672	$ 1,727,767
Profit for the period from continuing operations	$ 7,118	$ 64,384
Other comprehensive income (loss), net of tax	500,895	(164,173)
Total comprehensive income (loss)	$ 508,013	($ 99,789)
Dividends received from associates	$ 17,038	$ 13,697

C. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to $234,515 and $216,815, respectively.

	Years ended December 31,	
	2023	2022
Profit for the period from continuing operations	$ 10,893	$ 7,924
Other comprehensive income (loss), net of tax	13,210	8,312
Total comprehensive income (loss)	$ 24,103	$ 16,236

D. The Group's material associate, Teco Image, has quoted market prices. As of December 31, 2023 and 2022, the fair value was $569,606 and $559,584, respectively.

E. The Group is the single largest shareholder of Teco Image with a 29.69% equity interest. Taking into consideration the extent of other shareholders' participation in previous shareholders' meeting of Teco Image and the voting right record of significant proposals, which indicates that the Group has no current ability to direct the relevant activities of Teco Image, the Group has no control, but only has significant influence, over the investee.

F. In 2022, the Group recognized impairment loss of $70,000 on its investment in Teco Image as the asset's carrying amount exceeded its recoverable amount.

G. The Group has no investments accounted for using equity method pledged to others.

(8) Property, plant and equipment

	2023						
	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1							
Cost	$ 620,503	$ 962,030	$ 49,135	$ 31,062	$ 18,005	$ 7,943	$ 1,688,678
Accumulated depreciation and impairment	(513,076)	(904,496)	(42,379)	(24,514)	(14,099)	-	(1,498,564)
	$ 107,427	$ 57,534	$ 6,756	$ 6,548	$ 3,906	$ 7,943	$ 190,114
Opening net book value as at January 1	$ 107,427	$ 57,534	$ 6,756	$ 6,548	$ 3,906	$ 7,943	$ 190,114
Additions	-	1,579	623	-	1,083	6,805	10,090
Transfers	-	12,204	-	-	-	(12,204)	-
Depreciation	(16,486)	(25,505)	(2,190)	(1,844)	(1,163)	-	(47,188)
Net exchange differences	(1,594)	(755)	(21)	(85)	(60)	(51)	(2,566)
Closing net book value as at December 31	$ 89,347	$ 45,057	$ 5,168	$ 4,619	$ 3,766	$ 2,493	$ 150,450
At December 31							
Cost	$ 609,760	$ 956,905	$ 46,024	$ 29,012	$ 16,939	$ 2,493	$ 1,661,133
Accumulated depreciation and impairment	(520,413)	(911,848)	(40,856)	(24,393)	(13,173)	-	(1,510,683)
	$ 89,347	$ 45,057	$ 5,168	$ 4,619	$ 3,766	$ 2,493	$ 150,450

	2022						
	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1							
Cost	$ 610,996	$ 967,435	$ 48,181	$ 31,665	$ 14,371	$ 2,498	$ 1,675,146
Accumulated depreciation and impairment	(488,963)	(879,214)	(42,320)	(23,311)	(13,351)	-	(1,447,159)
	$ 122,033	$ 88,221	$ 5,861	$ 8,354	$ 1,020	$ 2,498	$ 227,987
Opening net book value as at January 1	$ 122,033	$ 88,221	$ 5,861	$ 8,354	$ 1,020	$ 2,498	$ 227,987
Additions	-	11,627	3,058	-	3,244	7,199	25,128
Transfers	-	1,406	-	-	346	(1,752)	-
Disposals	-	(5,492)	-	-	-	-	(5,492)
Depreciation	(16,650)	(39,710)	(2,196)	(1,953)	(695)	-	(61,204)
Net exchange differences	2,044	1,482	33	147	(9)	(2)	3,695
Closing net book value as at December 31	$ 107,427	$ 57,534	$ 6,756	$ 6,548	$ 3,906	$ 7,943	$ 190,114
At December 31							
Cost	$ 620,503	$ 962,030	$ 49,135	$ 31,062	$ 18,005	$ 7,943	$ 1,688,678
Accumulated depreciation and impairment	(513,076)	(904,496)	(42,379)	(24,514)	(14,099)	-	(1,498,564)
	$ 107,427	$ 57,534	$ 6,756	$ 6,548	$ 3,906	$ 7,943	$ 190,114

A. The aforementioned property, plant and equipment were all for its own use.

B. The Group has no property, plant and equipment pledged as a collateral or no interest was capitalized as part of property, plant and equipment.

(9) Leasing arrangements - lessee

A. The Group leases various assets including land use right, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 50 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 as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise certain buildings and transportation equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Land use right	Buildings	Transportation equipment	Total
At January 1, 2023	$ 36,814	$ 15,623	$ 825	$ 53,262
Additions	-	90	-	90
Modification	-	(1,118)	-	(1,118)
Depreciation	(1,068)	(10,780)	(825)	(12,673)
Net exchange differences	(621)	-	-	(621)
At December 31, 2023	$ 35,125	$ 3,815	$ -	$ 38,940

	Land use right	Buildings	Transportation equipment	Total
At January 1, 2022	$ 37,304	$ 23,508	$ 1,649	$ 62,461
Additions	-	3,162	-	3,162
Depreciation	(1,079)	(11,062)	(824)	(12,965)
Net exchange differences	589	15	-	604
At December 31, 2022	$ 36,814	$ 15,623	$ 825	$ 53,262

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

	Years ended December 31, 2023	Years ended December 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 246	$ 548
Expense on short-term lease contracts	72	72
Gain from lease modification	16	-

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases was $12,323 and $12,616, respectively.

F. On June 29, 2007, the Group signed a land use right contract with Gaoxin branch of the Bureau of Land and Resources Bureau in Nanchang City, Jiangxi Province, People's Republic of China with a term of 50 years. All rentals had been paid on the contract date. The aforementioned amounts were recognized in right-of-use assets－land use right.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 550,000	1.7%~1.85%	None
Secured borrowings	750,000	1.7%~1.75%	Stock
	$ 1,300,000		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 600,000	1.68%～1.75%	None
Secured borrowings	750,000	1.30%～1.75%	Stock
	$ 1,350,000		

For the years ended December 31, 2023 and 2022, the Group's interest expense recognized in profit or loss amounted to $21,722 and $18,822 respectively.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	$ -	$ 746

A. Amounts recognized in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	($ 100,499)	($ 25,924)

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

Derivative instruments	2023/12/31 Contract amount (notional principal) (In thousands)	2023/12/31 Maturity date of the contract	2022/12/31 Contract amount (notional principal) (In thousands)	2022/12/31 Maturity date of the contract
Current items:				
Cross currency swap	-	-	USD 2,000	2023.2.14
Cross currency swap	-	-	USD 2,000	2023.2.14
Cross currency swap	-	-	USD 2,000	2023.2.23
Cross currency swap	-	-	USD 2,000	2023.3.3

Derivative instruments	2023/12/31 Contract amount (notional principal) (In thousands)	2023/12/31 Maturity date of the contract	2022/12/31 Contract amount (notional principal) (In thousands)	2022/12/31 Maturity date of the contract
Forward exchange contracts	-	-	USD 2,000	2023.2.23
Forward exchange contracts	-	-	USD 2,000	2023.3.3

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Other payables

	December 31, 2023	December 31, 2022
Accrued employees' compensation and directors' remuneration	$ 37,528	$ 58,295
Royalties payable	52,191	52,191
Bonus payable	83,522	82,557
Wages and salaries payable	23,566	25,098
Service fees payable	7,053	7,422
Payables on equipment	3,047	4,940
Freight payable	1,448	3,263
Others	30,224	49,644
	$ 238,579	$ 283,410

(13) Pensions

A. (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 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 contributes 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. In May 2022 and July 2023, the Department of Labor, Taipei City Government approved that the Company cease contributing to the retirement fund temporarily for 2023 and 2024, respectively.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 4,620	$ 8,826
Fair value of plan assets	(23,761)	(23,365)
Net defined benefit assets	($ 19,141)	($ 14,539)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
Year ended December 31, 2023			
Balance at January 1	$ 8,826	($ 23,365)	($ 14,539)
Interest expense (income)	124	(327)	(203)
	8,950	(23,692)	(14,742)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(69)	(69)
Change in financial assumptions	61	-	61
Experience adjustments	(4,391)	-	(4,391)
	(4,330)	(69)	(4,399)
Balance at December 31	$ 4,620	($ 23,761)	($ 19,141)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
Year ended December 31, 2022			
Balance at January 1	$ 9,278	($ 21,578)	($ 12,300)
Interest expense (income)	74	(173)	(99)
	9,352	(21,751)	(12,399)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,614)	(1,614)
Change in financial assumptions	(706)	-	(706)
Experience adjustments	180	-	180
	(526)	(1,614)	(2,140)
Balance at December 31	$ 8,826	($ 23,365)	($ 14,539)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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 has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The percentage composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Years ended December 31,	
	2023	2022
Discount rate	1.30%	1.40%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th 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	($ 151)	$ 157	$ 143	($ 138)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 276)	$ 286	$ 259	($ 251)

The sensitivity analysis above is based on one assumption that 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.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $0.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 14 years.

B. (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 mainland China subsidiaries, Nanchang Creative Sensor Technology Co., Ltd. and Wuxi Creative Sensor Technology Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) 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 $28,870 and $20,944, respectively.

(14) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury shares transferred to employees	2022/5/11	1,500,000	NA	Vested immediately
Treasury shares transferred to employees	2023/4/12	1,670,000	NA	Vested immediately

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

	Year ended December 31, 2023	
	No. of options	Weighted-average exercise price (in dollars)
Options granted	1,670,000	$ 26.33
Options exercised	(1,661,000)	26.33
Options expired	(9,000)	26.33
Options outstanding at December 31	-	

	Year ended December 31, 2022	
	No. of options	Weighted-average exercise price (in dollars)
Options granted	1,500,000	$ 28.86
Options exercised	(1,250,000)	28.86
Options expired	(250,000)	28.86
Options outstanding at December 31	-	

C. The weighted-average stock price of stock options at exercise dates for the years ended December 31, 2023 and 2022 was $30.2 and $22.95, respectively.

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Treasury shares transferred to employees	2022/5/11	$ 21.30	$ 28.86	15.77% (Note 1)	0.08 years	0.59%	$ -
Treasury shares transferred to employees	2023/4/12	$ 31.90	$ 26.33	27.26% (Note 2)	0.08 years	1.09%	$ 5.5974

Note1: Expected price volatility rate was estimated by using the daily historical stock price fluctuation data for the last three months before the given date.

Note2: Expected price volatility rate was estimated by using the daily historical stock price fluctuation data for the last one month before the given date.

E. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31,	
	2023	2022
Equity-settled	$ 9,347	$ -

(15) Capital stock

A. As of December 31, 2023, the Company's authorized capital was $2,500,000, consisting of 250 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was $1,490,550, consisting of 149,055,000 shares of ordinary stock issued (including 22 million shares of private placement stock) with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (unit: share) are as follows:

	2023	2022
At January 1	141,312,000	140,062,000
Employee stock options exercised	1,661,000	1,250,000
At December 31	142,973,000	141,312,000

B. To increase working capital and meet the capital needs for the Company's long-term development, the stockholders at their special stockholders' meeting on September 17, 2021 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 38,116,500 shares. The private placement will be raised twice within one year starting from the date that the special stockholders' meeting adopted the resolution. The Board of Directors resolved to raise $516,780 by issuing 22,000,000 shares of ordinary shares through private placement at an estimated subscription price of $23.49 (in dollars) per share on September 23, 2021. As of November 9, 2021, the private placement had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2023	
		Number of shares	Carrying amount
The Company	To be transferred to employees	6,082,000	$ 179,746

Name of company holding the shares	Reason for reacquisition	December 31, 2022	
		Number of shares	Carrying amount
The Company	To be transferred to employees	7,743,000	$ 223,481

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) The Board of Directors of the Company resolved to reissue 1,670,000 and 1,500,000 treasury shares to employees on April 12, 2023 and May 11, 2022, respectively. The actual treasury shares reissued amounted to 1,661,000 shares and 1,250,000 shares. Refer to Note 6(14).

D. The number of Company's shares held by the Company's associate - Teco Image Systems Co., Ltd. was 28,906,260 shares as of December 31, 2023.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

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

(a) Pay all taxes.

(b) Cover accumulated deficit.

(c) Set aside 10% for legal reserve until the legal reserve equals the total capital stock balance.

(d) Set aside or reverse special reserve in accordance with related regulations.

(e) The appropriation of the amount of distributable earnings after deducting items from (a) to (d), along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

The Company operates in a steady growth environment. Since the Company has plans for plant expansion and reinvestment, the current distributable earnings shall be appropriated as shareholders' bonus that account for 80% of the amount. Dividends to shareholders in the form of cash shall generally account for 50% but shall account for at least 5% of total dividends distributed.

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. Details of 2022 and 2021 earnings appropriations resolved by the stockholders on May 31, 2023 and June 10, 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	$ 38,795		$ 35,197	
Cash dividends	268,493	$ 1.9	182,080	$ 1.3
Total	$ 307,288		$ 217,277	

(18) Other equity items

	2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	($ 38,711)	$ 72,660	$ 33,949
Valuation adjustment:			
－Group	1,207,750	-	1,207,750
－Associates	88,149	-	88,149
Revaluation transferred to retained earnings:			
－Group	(303,849)	-	(303,849)
－Associates	(33,610)	-	(33,610)
Currency translation differences:			
－Group	-	(26,188)	(26,188)
－Associates	-	(140)	(140)
At December 31	$ 919,729	$ 46,332	$ 966,061

	2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 317,668	$ 51,234	$ 368,902
Valuation adjustment:			
－Group	(305,525)	-	(305,525)
－Associates	(25,229)	-	(25,229)
Valuation adjustment transferred to retained earnings:			
－Group	(19,261)	-	(19,261)
－Associates	(6,364)	-	(6,364)
Currency translation differences:			
－Group	-	20,960	20,960
－Associates	-	466	466
At December 31	($ 38,711)	$ 72,660	$ 33,949

(19) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 3,056,224	$ 4,256,952

The Group derives revenue from the following major geographical regions:

Year ended ended December 31, 2023	China	Thailand	Philippines	Others	Total
Revenue from external customer contracts	$ 1,555,438	$ 354,690	$ 318,571	$ 827,525	$ 3,056,224

Year ended ended December 31, 2022	China	Thailand	Philippines	Others	Total
Revenue from external customer contracts	$ 1,996,444	$ 529,272	$ 476,111	$ 1,255,125	$ 4,256,952

The Group derives revenue from the transfer of goods and services at a point in time.

(20) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 27,071	$ 5,075
Interest income from financial assets measured at amortized cost	4,289	4,201
Interest income from financial assets at fair value through other comprehensive income	2,160	1,164
	$ 33,520	$ 10,440

(21) Other income

	Years ended December 31,	
	2023	2022
Dividend income	$ 104,177	$ 119,525
Directors’and supervisors’remuneration	10,394	7,792
Rental revenue	3,005	3,014
Government grants	1,855	11,094
Other income	13,568	4,824
	$ 132,999	$ 146,249

(22) Other gains and losses

	Years ended December 31, 2023	Years ended December 31, 2022
Losses on financial assets (liabilities) at fair value through profit or loss	($ 56,184)	($ 12,116)
Foreign exchange gains	16,316	55,544
Gains on disposal of property, plant and equipment	180	6,126
Gain from lease modification	16	-
Financial assets impairment loss	-	(70,000)
Other gains and losses	(10,216)	(16,223)
	($ 49,888)	($ 36,669)

Note : For impairment loss on investments accounted for using equity method, please refer to Note7(2)6.

(23) Employee benefit expense, depreciation and amortization

For the years ended December 31, 2023 and 2022, employee benefit expense, depreciation and amortization categorized by function were summarized as follows:

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 254,800	$ 172,298	$ 427,098
Labor and health insurance fees	20,272	9,554	29,826
Pension costs	18,023	10,644	28,667
Other personnel expenses	17,018	5,154	22,172
Depreciation	40,914	18,947	59,861
Amortization	10,622	2,709	13,331

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 336,442	$ 199,495	$ 535,937
Labor and health insurance fees	28,507	9,371	37,878
Pension costs	16,236	4,609	20,845
Other personnel expenses	23,173	6,465	29,638
Depreciation	54,049	20,120	74,169
Amortization	14,896	2,376	17,272

A. According to the Articles of Incorporation of the Company, the profit before deduction of employees' compensation and directors' and supervisors' remuneration and after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall account for 5%~15% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at $28,146 and $43,721, respectively; directors' remuneration were accrued at $9,382 and $14,574, respectively. The aforementioned amounts were recognized in salary expenses, and estimated based on the current profit.

   The employees' compensation and directors' remuneration for 2022 as resolved by the Board of Directors were in agreement with the amounts recorded in the 2022 financial statements of $43,721 and $14,574, respectively. Employees' compensation would be distributed in the form of cash.

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

(24) Income tax

A. Income tax expense

(a)Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Total current tax	$ 68,519	$ 107,928
Tax imposed on undistributed surplus earnings	4,033	6,734
Prior year income tax under estimation	4,236	2,542
Total current tax	76,788	117,204
Deferred tax:		
Origination and reversal of temporary differences	5,739	40,153
Effect of exchange rate	(66)	741
Total deferred tax	5,673	40,894
Income tax expense	$ 82,461	$ 158,098

(b) The income tax credit/(charge) relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	$ 880	$ 428

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2023	Years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 91,906	$ 152,453
Effect from items disallowed by tax regulations	(18,052)	(6,539)
Taxable loss not recognized as deferred tax assets	(38)	-
Effect from investment tax credits	(102)	(124)
Change in assessment of realization of deferred tax assets	478	3,032
Prior year income tax under estimation	4,236	2,542
Tax on undistributed surplus earnings	4,033	6,734
Income tax expense	$ 82,461	$ 158,098

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 or liabilities as a result of temporary differences are as follows:

	2023			
Temporary differences:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
—Deferred tax assets:				
Unrealized gain on affiliates	$ -	$ 11	$ -	$ 11
Unrealized inventory valuation losses	4,647	(1,028)	-	3,619
Unrealized expenses	3,405	(977)	-	2,428
	8,052	(1,994)	-	6,058
—Deferred tax liabilities:				
Unrealized gain on affiliates	($ 52)	$ 52	$ -	$ -
Unrealized exchange gain	(4,098)	2,090	-	(2,008)
Gain on investments accounted for using equity method	(52,394)	(632)	-	(53,026)
Unrealized valuation gain on financial assets	(929)	(5,215)	-	(6,144)
Defined benefit plan	(2,908)	(40)	(880)	(3,828)
	(60,381)	(3,745)	(880)	(65,006)
	($ 52,329)	($ 5,739)	($ 880)	($ 58,948)

Temporary differences:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
	2022			
—Deferred tax assets:				
Unrealized gain on affiliates	$ 19	($ 19)	$ -	$ -
Unrealized inventory valuation losses	7,003	(2,356)	-	4,647
Unrealized expenses	2,778	627	-	3,405
Unrealized grant revenue	106	(106)	-	-
	9,906	(1,854)	-	8,052
—Deferred tax liabilities:				
Unrealized gain on affiliates	$ -	($ 52)	$ -	($ 52)
Unrealized exchange gain	(1,726)	(2,372)	-	(4,098)
Gain on investments accounted for using equity method	(17,074)	(35,320)	-	(52,394)
Unrealized valuation gain on financial assets	(394)	(535)	-	(929)
Defined benefit plan	(2,460)	(20)	(428)	(2,908)
	(21,654)	(38,299)	(428)	(60,381)
	($ 11,748)	($ 40,153)	($ 428)	($ 52,329)

D. The subsidiary of the Group, Wuxi Creative Sensor Technology Co., Ltd.'s expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
	December 31, 2023			
2019	$ 85,278	$ 18,202	$ 18,202	2024
2021	3,588	3,588	3,588	2026
	$ 88,866	$ 21,790	$ 21,790	

Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
	December 31, 2022			
2019	$ 86,137	$ 18,810	$ 18,810	2024
2021	3,624	3,624	3,624	2026
	$ 89,761	$ 22,434	$ 22,434	

E. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 246,790	113,407	$ 2.18
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 246,790	113,407	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,245	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 246,790	114,652	$ 2.15

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 359,682	111,858	$ 3.22
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 359,682	111,858	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,754	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 359,682	113,612	$ 3.17

The Company applies the equity method for the mutual shareholding of shares with Teco Image Systems Co., Ltd. and applies the treasury stock method for investments on Teco Image Systems Co., Ltd.. In calculating earnings per share, the Company recognizes Teco Image Systems Co., Ltd.'s shareholding as treasury shares which is a deduction from equity.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31, 2023	Years ended December 31, 2022
Purchase of property, plant and equipment	$ 10,090	$ 25,128
Add: Opening balance of payable on equipment	4,940	4,421
Less: Ending balance of payable on equipment	(3,047)	(4,940)
Cash paid during the period	$ 11,983	$ 24,609

(27) Changes in liabilities from financing activities

	2023		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 1,350,000	$ 17,097	$ 1,367,097
Changes in cash flow from financing activities	(50,000)	(12,005)	(62,005)
Increase in lease liabilities	-	90	90
Interest amortized in lease liabilities	-	(1,134)	(1,134)
Interest paid in lease liabilities	-	246	246
Impact of changes in foreign exchange rate	-	(246)	(246)
At December 31	$ 1,300,000	$ 4,048	$ 1,304,048

	2022		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 1,734,800	$ 25,920	$ 1,760,720
Changes in cash flow from financing activities	(384,800)	(11,996)	(396,796)
Increase in lease liabilities	-	3,162	3,162
Interest amortized in lease liabilities	-	548	548
Interest paid in lease liabilities	-	(548)	(548)
Impact of changes in foreign exchange rate	-	11	11
At December 31	$ 1,350,000	$ 17,097	$ 1,367,097

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Koryo Electronics Co., Ltd.	The Group’s key management
Yuryo Co., Ltd.	Subsidiaries of The Group’s key management
Teco Image Systems Co., Ltd.	Associate
Teco Image Systems (DongGuan) Co., Ltd.	Associate
Tien Da Investment Co., Ltd.	Associate

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sales of goods:		
－The Group’s key management	$ -	$ 2,193

Due to the different products sold, there is no relevant sales price for comparison, and the sales price of aforementioned related parties is determined based on the terms and conditions as negotiated with related parties. The credit term is 30 days after monthly billing upon shipment of goods, which is not significantly different from the terms to non-related parties.

B. Purchases

	Years ended December 31,	
	2023	2022
Purchases of goods:		
－The Group’s key management	$ 859	$ 5,157

Except that there is no similar type of transaction for reference, purchases from aforementioned related parties are based on the price lists in force and terms negotiated with related parties that would be available to third parties. The term is 60 days after monthly billing upon purchases.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Other accounts receivable:		
－Associates		
－Teco Image Systems Co., Ltd.	$ 47	$ -

Other receivables refer to payments on behalf of others.

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
－The Group's key management		
－Koryo Electronics	$ -	$ 1,665
Other payable:		
－Associate	397	-
	$ 397	$ 1,665

The payables bear no interest.

E. Consulting fees (scheduled selling expenses)

	Years ended December 31,	
	2023	2022
Subsidiaries of The Group's key management	$ 3,053	$ -

F. Outsourcing labor costs (Scheduled General and administrative and Research and development expenses)

	Years ended December 31,	
	2023	2022
Associates	$ 1,232	$ -

G. Other income

	Years ended December 31,	
	2023	2022
Associates	$ 110	$ -

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Short-term employee benefits	$ 45,530	$ 49,884
Share-based payments	2,127	-
	$ 47,657	$ 49,884

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Non-current financial assets at fair value through other comprehensive income	$ 2,106,000	$ 1,239,750	Short-term borrowings

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUNT EVENTS AFTER THE BALANCE SHEET DATE

On February 29, 2024, the Board of Directors resolved to reduce capital and refund cash to shareholders in order to adjust the capital structure and increase the return on equity. The amount of capital reduced was set at $149,055, the number of shares eliminated was 14,905,500 shares, and the paid-in capital was $1,341,495 after the reduction. The proposal of capital reduction was submitted to the shareholders for approval, and the chairman was authorised to set another record date for the capital reduction while the capital reduction had been approved by the shareholders and the competent authority.

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 repurchase treasury shares to optimize capital structure. The Group monitors capital on the basis of the gearing ratio or net worth per share. The former is calculated as net debt divided by total capital while the latter is calculated with total equity divided by number of shares. Total borrowings is net debt. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2023, the Group’s strategy, which was unchanged from 2022, was to maintain the gearing ratio steady.

The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Net debt	$ 1,300,000	$ 1,350,000
Total equity	$ 5,163,240	$ 3,877,764
Total capital	$ 6,463,240	$ 5,227,764
Gearing ratio	20%	26%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 30,718	$ 5,392
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	2,576,993	2,219,030
Qualifying debt instrument	89,204	86,497
Financial assets at amortized cost		
Cash and cash equivalents	2,471,963	1,692,222
Accounts receivable	336,833	602,419
Other receivables (including related parties)	5,327	6,697
Guarantee deposits paid	1,681	2,085
Financial assets at amortized cost	191,119	268,963
	$ 5,703,838	$ 4,883,305

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	$ -	$ 746
Financial liabilities at amortized cost		
Short-term borrowings	1,300,000	1,350,000
Accounts payable (including related parties)	404,393	747,506
Other payables	238,579	283,410
	$ 1,942,972	$ 2,381,662
Lease liability (including current and non-current portion)	$ 4,048	$ 17,097

B. Financial 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. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) in accordance with internal plans or policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation 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 as well as acquisition and disposal of assets.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use cross currency swap and forward foreign exchange contracts, transacted with Group treasury.

iii. The Group hedges foreign exchange rate by using forward exchange contracts and 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 Notes 6(2) and 6(11).

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 USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations are as follows:

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 43,557	30.71	$ 1,337,635	1%	$ 13,376	$ -
RMB：NTD	300	4.34	1,302	1%	13	-
USD：RMB	32,940	7.08	1,011,587	1%	10,116	-
Financial						
Monetary items						
USD：NTD	$ 15,470	30.71	$ 475,084	1%	$ 4,751	$ -
USD：RMB	12,160	7.08	373,434	1%	3,734	-

	December 31, 2022					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 53,451	30.73	$ 1,642,549	1%	$ 16,425	$ -
RMB：NTD	300	4.41	1,323	1%	13	-
USD：RMB	45,612	6.96	1,401,657	1%	14,017	-
Financial liabilities						
Monetary items						
USD：NTD	$ 33,284	30.73	$ 1,022,817	1%	$ 10,228	$ -
USD：RMB	20,727	6.96	636,941	1%	6,369	-

v. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group were $16,316 and $55,544 for the years ended December 31, 2023 and 2022, respectively.

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. The Group's investments in equity securities comprise domestic listed and unlisted stocks. 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 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased both by $0, as a result of gains/losses on equity securities classified as at fair value through profit or loss. For the years ended December 31, 2023 and 2022,other components of equity would have increased/ decreased by $257,699 and $221,903, 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

The Group's interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

(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 accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost and at fair value through other comprehensive income.

ii. The Group manages its 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 analyzing 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 utilization of credit limits is regularly monitored.

iii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts the following assumption 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.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. 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. As of December 31, 2023 and 2022, the Group had no written-off financial assets that are still under recourse procedures.

viii. The Group's accounts receivable arose from customers with excellent credit, and the expected loss rate was 0.03%. On December 31, 2023 and 2022, the total book value of accounts receivable and loss allowance were $336,934, $602,605 and $101, $186, respectively.

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
	Accounts receivable (including related parties)	Accounts receivable (including related parties)
At January 1	$ 186	$ 134
(Reversal) provision for impairment	(85)	52
At December 31	$ 101	$ 186

For the years ended December 31, 2023 and 2022, the impairment losses and gains arising from customers' contracts were ($85) and $52 respectively.

x. For investments in debt instruments at amortized cost, and at fair value through other comprehensive income, the credit rating levels are presented below:

	December 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost	$ 191,119	$ -	$ -	$ 191,119
Financial assets at fair value through other comprehensive income	$ 89,204	$ -	$ -	$ 89,204

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost	$ 268,963	$ -	$ -	$ 268,963
Financial assets at fair value through other comprehensive income	$ 86,497	$ -	$ -	$ 86,497

The financial assets at amortized cost held by the Group are all time deposits with maturity over three months and special-purpose demand deposit. The credit risk rating has no significant abnormal situation.

The financial assets at fair value through other comprehensive income held by the Group are all government bonds. The Group assesses the 12 month expected credit loss and lifetime expected credit loss based on the probability of default and default loss provided by external credit rating agencies. The credit risk rating has no significant abnormal situation.

(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.

ii. The table below analyzes the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

The amounts disclosed in the table are the contractual "undiscounted" cash flows.

Non-derivative financial liabilities

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 1,302,372	$ -	$ -
Accounts payable (including related parties)	404,393	-	-
Other payables	238,579	-	-
Lease liability	4,066	-	-

Non-derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 1,351,999	$ -	$ -
Accounts payable (including related parties)	747,506	-	-
Other payables	283,410	-	-
Lease liability	12,488	4,874	-

Derivative financial liabilities

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Cross currency swap	$ 638	$ -	$ -
Forward foreign exchange contracts	108	-	-

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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, beneficiary certificates and government bonds with quoted market prices 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 Groups investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, financial assets at amortized cost-current, guarantee deposits paid, short-term borrowings, accounts payable, other payables and lease liability 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 are as follows:

(a) The related information of the nature of the assets and liabilities are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ -	$ 30,718	$ -	$ 30,718
Financial assets at fair value through other comprehensive income				
Equity securities	2,526,993	-	50,000	2,576,993
Debt instruments	89,204	-	-	89,204
Total	$2,616,197	$ 30,718	$ 50,000	$2,696,915

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 5,392	$ -	$ 5,392
Financial assets at fair value through other comprehensive income				
Equity securities	$2,219,030	$ -	$ -	$2,219,030
Debt instruments	86,497	-	-	86,497
Total	$2,305,527	$ 5,392	$ -	$2,310,919
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 746	$ -	$ 746

(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:

	Listed shares	Government bonds
Market quoted price	Closing price	Closing price

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, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

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 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 valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

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
	Equity instrument	Equity instrument
At January 1	$ -	$ -
Acquired in the period	50,000	-
At December 31	$ 50,000	$ -

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

G. Treasury segment 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 resource of information is independent, reliable and in line with other resources 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:

	Fair value at December 31, 2023		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Venture capital shares	$	50,000	Net asset value	Not applicable	Not applicable	Not applicable

December 31, 2022: There is no such situation.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

According to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the significant transactions for the year ended December 31, 2023 are as follows:

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): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company’s paid-in capital: Refer to table 2.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2), 6(11) .

J. Significant inter-company transactions during the reporting periods: Refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Refer to table 5.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

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) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Year ended December 31, 2023		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	$ 3,056,224	$ -	$ 3,056,224
Total	$ 3,056,224	$ -	$ 3,056,224
Reportable segments profit	$ 329,251	$ -	$ 329,251
Segments profit, including:			
Interest income	$ 33,520	$ -	$ 33,520
Depreciation and amortization	$ 73,192	$ -	$ 73,192
Share of profit of associates and joint ventures accounted for using equity method	($ 2,603)	$ -	($ 2,603)
Income tax expense	$ 82,461	$ -	$ 82,461

	Year ended December 31, 2022		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	$ 4,256,952	$ -	$ 4,256,952
Total	$ 4,256,952	$ -	$ 4,256,952
Reportable segments profit	$ 517,780	$ -	$ 517,780
Segments profit, including:			
Interest income	$ 10,440	$ -	$ 10,440
Depreciation and amortization	$ 91,441	$ -	$ 91,441
Share of profit of associates and joint venturess accounted for using equity method	$ 3,853	$ -	$ 3,853
Income tax expense	$ 158,098	$ -	$ 158,098

(3) Reconciliation for segment income

The Group has only one reportable operating segment. The profit and assets of the reportable segment are consistent with that in the consolidated financial statements. Related information is as follows:

	Years ended December 31,	
	2023	2022
Reportable segments income	$ 329,251	$ 517,780
Income before tax from continuing operations	$ 329,251	$ 517,780
Reportable segment assets	$ 7,221,712	$ 6,414,246
Total assets	$ 7,221,712	$ 6,414,246

(4) Information on products and services

It is not applicable since the Group operates as a single segment.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
China	$ 1,555,438	$ 182,612	$ 1,996,444	$ 229,836
Thailand	354,690	-	529,272	-
Philippines	318,571	-	476,111	-
Others	827,525	18,521	1,255,125	31,716
	$ 3,056,224	$ 201,133	$ 4,256,952	$ 261,552

(6) Major customer information

Information relating to major customers who account for more than 10% of sales revenue disclosed on the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Sales amount	Percentage (%)	Sales amount	Percentage (%)
Customers				
Company A	$ 478,789	16	$ 564,406	13
Company B	393,954	13	184,880	4
Company C	366,839	12	586,993	14

Creative Sensor Inc. and 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)

					As of December 31, 2023				
Securities held by	Marketable securities categories (Note 1)	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value (Note 2)	Ownership (%)	Fair value	Footnote
The Company	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	47,562	$ 2,225,902	2.22%	$ 2,225,902	Note 3
〃	〃	Koryo Electronics Co., Ltd.	The Company’s key management	〃	9,882	289,542	19.07%	289,542	
〃	〃	MUTUALPAK	-	〃	108	-	0.65%	-	
〃	〃	Taiwan Pelican Express Co., Ltd.	-	〃	281	11,549	0.29%	11,549	
〃	〃	DARJIUN VENTURE CORPORATION	The Company is the Company’s corporate director	〃	5,000	50,000	13.33%	50,000	
〃	Bond	U.S. Treasury bond U.S. dollar semiannual sovereign bond	-	〃	30	89,204	-	89,204	
						$ 2,666,197		$ 2,666,197	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

Creative Sensor Inc. and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023		Footnote
Investor	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the investor	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain on disposal	Number of shares (in thousand shares)	Amount	
The Company	Stock TECO ELECTRIC & MACHINERY CO., LTD.	Non-current financial assets at fair value through other comprehensive income	-	-	69,489	$ 1,914,422	-	$ -	21,927	$ 897,759	$ 593,910	$ 303,849	47,562	$ 2,225,902	Note 3

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Balance as at December,31, 2023 included fair value valuation amounting to $937,649.

Creative Sensor Inc. and 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 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		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
The Company	Nanchang Creative Sensor Technology Co., Ltd.	The Company's third-tier subsidiary	Purchases	$ 2,590,930	100%	75~90 days after monthly billing	$ -	-	($ 410,817)	99.59%	-

Creative Sensor Inc. and Subsidiaries
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Nanchang Creative Sensor Technology Co., Ltd.	The Company	Parent company	$ 410,817	3.76	$ -	-	$ 133,589	$ -

Creative Sensor Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction				
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)	Note
0	The Company	Nanchang Creative Sensor Technology Co., Ltd.	1	Accounts payable	$ 410,817	75~90 days after monthly billing	5.69%	-
〃	〃	〃	〃	Purchases	2,590,930	〃	84.78%	-
1	Nanchang Creative Sensor Technology Co., Ltd.	The Company	2	Accounts payable	26,976	60 days after monthly billing	0.37%	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-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.

Note 4: Individual transactions not reaching $10,000 and their corresponding transactions will not be disclosed.

Creative Sensor Inc. and Subsidiaries
Information on investees
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31,2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the nine months ended December 31, 2023	Investment income (loss) recognized by the Company for the nine months ended December31, 2023 (Note 1)	Footnote
The Company	Creative Sensor Inc.	British Virgin Islands	Holding company	$ 583,416	$ 583,416	15,414,994	100	$ 1,634,997	$ 95,021	$ 95,021	Subsidiary
The Company	Creative Sensor (USA) Co.	U.S.A.	Collection of marketing information and maintaining customer relationship	3,169	3,169	100,000	100	4,680	183	183	Subsidiary
The Company	Teco Image Systems Co., Ltd.	Taiwan	Design, manufacturing and trading of multi-function printer, fax machine and scanner	737,506	737,506	33,408,000	29.69	682,561	7,118	(13,496)	Investee accounted for using equity method
The Company	Tien Da Investment Co., Ltd.	Taiwan	Investing company	223,040	223,040	21,340,000	29.85	234,515	36,492	10,893	Investee accounted for using equity method
Creative Sensor Inc.	Creative Sensor Co., Ltd.	Hong Kong	Holding company	586,837	586,837	15,501,368	100	1,302,511	102,728	-	Subsidiary of the company

Note 1: The Company has not directly recognized the income (loss) on investment in Creative Sensor Co., Ltd.

Creative Sensor Inc. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

A. Information on reinvestment in Mainland Area

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended December31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December31, 2023 (Note 3)	Net income of investee for the six months ended December31, 2023	Ownership held by the Company (direct or indirect)	Investment income recognized by the Company for the six months ended December31, 2023 （Note 4）	Book value of investments in Mainland China as of December31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi Creative Sensor Technology Co., Ltd.	Image Sensor	$ 35,815	Note 1	$ 28,095	$ -	$ -	$ 28,095	$ 4,668	100	$ 4,668	$ 170,046	$ 637,020	Note 5
Nanchang Creative Sensor Technology Co., Ltd.	Image Sensor	941,670	Note 1	445,223	-	-	445,223	105,392	100	105,392	1,129,591	437,459	Note 6

Note 1: Through investing in an existing company in the third area (Creative Sensor Inc.), which then invested in the investee in Mainland China.
Note 2: The paid-in capital of two investee companies in the original currency amounted to RMB$8,261 thousand and RMB$217,215 thousand, respectively.
Note 3: Wuxi Creative Sensor Technology Co., Ltd.'s accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 2023 in the original currency was both US$915 thousand. Nanchang Creative Sensor accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 2023 in the original currency was both US$14,500 thousand.
Note 4: Investment income recognized for the six months ended December 31, 2023 was evaluated and disclosed based on the financial statements reviewed by R.O.C. parent company’s CPA.
Note 5: The investment facility of US$15,005 thousand was approved by the Investment Commission, as of December 31, 2023, the Investment Commission also approved the investment income of US$21,440 thousand which has been remitted back to Taiwan and proceeds from capital reduction of US$14,000 thousand which have been remitted back, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.
Note 6: The investment facility of US$14,500 thousand and US$15,300 thousand of Wuxi Creative Sensor Technology Co., Ltd.’s reinvestment in Nanchang Creative Sensor Technology Co., Ltd. through capitalisation of earnings which was approved by the Investment Commission, as of December 31, 2023, the Investment Commission also approved that the investment income of US$15,121 thousand which has been remitted back to Taiwan, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.

B. Ceiling on reinvestments in Mainland Area

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	$ 473,318	$ 476,081	$ 3,097,944

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 in original currency amounted to US$15,415 thousand.
Note 2: Investment amount in the original currency approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to US$15,505 thousand.
Furthermore, as of December 31, 2023, the Investment Commission approved that the investment income from reinvestment business in Mainland China remitted back to Taiwan was US$36,561 thousand which could be deducted from the accumulated investment amounts in Mainland China.

Creative Sensor Inc. and Subsidiaries

Major shareholders information

December 31, 2023

Table 8

Major shareholders name	Ownership	Ownership (%)
Teco Image Systems Co., Ltd.	28,906,260	19.39%
UNIVERSAL CEMENT CORPORATION	13,158,000	8.82%
Tien Da Investment Co., Ltd.	12,318,000	8.26%
Yurui Co., Ltd.	9,018,029	6.50%
Huan Ni Investment Co., Ltd.	9,000,000	6.03%
Teco International Investment Co., Ltd.	7,913,310	5.30%

（a） The major shareholders information was derived 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 on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

（b） If the aforementioned data contains shares which were kept in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholders have power to decide how to allocate the assets held in trust. For the information on reported share equity of insider, please refer to Market Observation Post System.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CREATIVE SENSOR INC.

Opinion

We have audited the accompanying parent company only balance sheets of Creative Sensor Inc. 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 parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors (refer to the *Other matter* section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its 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 Auditing and Attestation of Financial Statements by 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 parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of the 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 financial statements are outlined as follows:

Impairment assessment of investments accounted for using equity method

<u>Description</u>

Refer to Note 4(13) for accounting policy on investments of associates accounted for using equity method, Note 5 for the details of accounting estimates and assumption uncertainty on impairment assessment of investments accounted for using equity method, and Note 6(7) for the details of investments accounted for using equity method.

The Company determines value-in-use to measure recoverable amount and assesses the impairment of its investment, Teco Image Systems Co., Ltd. (hereinafter referred to as "Teco Image Systems"), accounted for using equity method. Since the calculation of value-in-use involves the estimation of future cash flows and discount rate, there is high uncertainty in relation to the assumptions, and the estimated outcome has a significant effect in the determination of value-in-use, we identified the impairment assessment of investments accounted for using equity method as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures in estimating future cash flows, and confirmed whether the future cash flows used in the valuation model was in agreement with the Teco Image Systems's operational plan.
2. Compared the estimated revenue growth rate, gross rate and operating expense rate

used in assessing value-in-use with the historical data and other independent sources of economic and industry forecasts.

3. Compared the discount rate used in assessing value-in-use with the capital cost of cash generating units and similar return on assets.

4. Checked the calculation accuracy of the valuation model.

Other matter – Reference to the reports of the other auditors

We did not audit the financial statements of certain investments accounted for using 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 using the equity method amounted to NT$234,515 thousand and NT$216,815 thousand, constituting 3.28% and 3.33% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive loss recognized from associates and joint ventures accounted for using the equity method amounted to NT$24,103 thousand and NT$16,236 thousand, constituting 1.59% and 30.46% of the total comprehensive income for the year then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

In preparing the parent company only financial statements, management is responsible for assessing the 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 Audit Committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditors' report to the related disclosures in the parent company only 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 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.

Lin Po-Chuan

Lin, Chun-Yao

Lin, Po-Chuan

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 AMOUNT		%	December 31, 2022 AMOUNT		%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	1,478,900	21	$	1,077,617	17
1110	Financial assets at fair value through profit or loss - current	6(2)		30,718	-		5,392	-
1136	Financial assets at amortized cost - current, net	6(3)		12	-		12	-
1170	Accounts receivable, net	6(4)		336,833	5		602,419	9
1200	Other receivables			461	-		2,172	-
1210	Other receivables - related parties, net	7		27,142	-		19,131	1
130X	Inventories, net	6(5)		489	-		17,806	-
1470	Other current assets			18,844	-		7,149	-
11XX	**Total current assets**			1,893,399	26		1,731,698	27
1517	Non-current financial assets at fair value through other comprehensive income	6(6) and 8		2,666,197	37		2,305,527	36
1550	Investments accounted for using the equity method	6(7)		2,556,753	36		2,425,683	37
1600	Property, plant and equipment, net	6(8)		7,240	-		10,441	-
1755	Right-of-use assets	6(9)		3,815	-		16,181	-
1780	Intangible assets			5,596	-		5,094	-
1840	Deferred income tax assets	6(24)		2,474	-		352	-
1900	Other non-current assets	6(13)		22,673	1		16,764	-
15XX	**Total non-current assets**			5,264,748	74		4,780,042	73
1XXX	**Total assets**		$	7,158,147	100	$	6,511,740	100

(Continued)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 1,300,000	18	$ 1,350,000	21
2120	Financial liabilities at fair value through profit or loss - current	6(11)	-	-	746	-
2170	Accounts payable		1,682	-	4,868	-
2180	Accounts payable - related parties	7	410,817	6	968,480	15
2200	Other payables	6(12) and 7	182,955	3	204,409	3
2230	Income tax payable		37,122	-	42,325	1
2280	Current lease liabilities		4,048	-	11,967	-
2300	Other current liabilities		4,284	-	6,556	-
21XX	**Total current liabilities**		1,940,908	27	2,589,351	40
	Non-current liabilities					
2570	Deferred income tax liabilities	6(24)	53,999	1	39,771	-
2580	Non-current lease liabilities		-	-	4,854	-
25XX	**Total non-current liabilities**		53,999	1	44,625	-
2XXX	**Total liabilities**		1,994,907	28	2,633,976	40
	Equity					
	Share capital	6(15)				
3110	Common stock		1,490,550	21	1,490,550	23
	Capital surplus	6(16)				
3200	Capital surplus		984,201	13	974,247	15
	Retained earnings	6(17)				
3310	Legal reserve		571,311	8	532,516	8
3350	Unappropriated retained earnings		1,330,863	19	1,069,983	17
	Other equity interest	6(18)				
3400	Other equity interest		966,061	14	33,949	-
3500	Treasury shares	6(15)	(179,746)	(3)	(223,481)	(3)
3XXX	**Total equity**		5,163,240	72	3,877,764	60
	Significant subsequent events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 7,158,147	100	$ 6,511,740	100

	Items	Notes	Year ended December 31 2023 AMOUNT	%	2022 AMOUNT	%
4000	Net revenue	6(19) and 7	$ 3,056,224	100	$ 4,256,952	100
5000	Cost of revenue	6(5)(23) and 7	(2,642,520)	(86)	(3,764,364)	(88)
5900	Gross profit		413,704	14	492,588	12
	Operating expenses	6(23) and 7				
6100	Selling expenses		(63,600)	(2)	(60,132)	(1)
6200	General and administrative expenses		(147,477)	(5)	(156,766)	(4)
6300	Research and development expenses		(81,354)	(3)	(74,819)	(2)
6000	Total operating expenses		(292,431)	(10)	(291,717)	(7)
6900	Income from operations		121,273	4	200,871	5
	Non-operating income and expenses					
7100	Interest income	6(20)	24,520	1	4,070	-
7010	Other income	6(21) and 7	123,996	4	132,021	3
7020	Other gains and losses	6(22)	(62,450)	(2)	(82,796)	(2)
7050	Finance costs	6(9)(10)	(21,962)	(1)	(19,352)	(1)
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(7)	92,601	3	196,993	5
7000	Total non-operating income and expenses		156,705	5	230,936	5
7900	**Prpfit before income tax**		277,978	9	431,807	10
7950	Income tax expense	6(24)	(31,188)	(1)	(72,125)	(2)
8200	**Net income**		$ 246,790	8	$ 359,682	8
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gains on defined benefit plan	6(13)	$ 4,399	-	$ 2,140	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(18)	1,205,722	40	(301,503)	(7)
8330	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	6(7)(18)	87,951	3	(23,987)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	(880)	-	(428)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		1,297,192	43	(323,778)	(8)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(7)(18)	(26,188)	(1)	20,960	1
8367	Unrealised gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	6(6)(18)	2,028	-	(4,022)	-
8380	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(7)(18)	(140)	-	466	-
8360	Other comprehensive (loss) income that will be reclassified to profit or loss		(24,300)	(1)	17,404	1
8300	**Other comprehensive income (loss) for the year**		$ 1,272,892	42	($ 306,374)	(7)
8500	**Total comprehensive income for the year**		$ 1,519,682	50	$ 53,308	1
	Earnings per share (in dollars)	6(25)				
9750	Basic earnings per share			$ 2.18		$ 3.22
9850	Diluted earnings per share			$ 2.15		$ 3.17

Year ended December 31, 2022													
Balance at January 1, 2022		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 497,319	$ 899,307	$ 51,234	$ 317,668	($ 259,556)	$ 3,970,769
Net income for the year		-	-	-	-	-	-	-	359,682	-	-	-	359,682
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	2,954	21,426	(330,754)	-	(306,374)
Total comprehensive income (loss)		-	-	-	-	-	-	-	362,636	21,426	(330,754)	-	53,308
Appropriations of 2021 earnings:	6(17)												
Legal reserve		-	-	-	-	-	-	35,197	(35,197)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(182,080)	-	-	-	(182,080)
Treasury shares reissued to employees	6(14)	-	-	-	-	-	-	-	-	-	-	36,075	36,075
Changes in equity of associates accounted for using equity method		-	-	-	-	-	-	-	6,056	-	(6,364)	-	(308)
Disposal of financial assets at fair value through other comprehensive income	6(6)	-	-	-	-	-	-	-	19,261	-	(19,261)	-	-
Balance at December 31, 2022		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 532,516	$ 1,069,983	$ 72,660	($ 38,711)	($ 223,481)	$ 3,877,764
Year ended December 31, 2023													
Balance at January 1, 2023		$ 1,490,550	$ 970,251	$ 3,996	$ -	$ -	$ -	$ 532,516	$ 1,069,983	$ 72,660	($ 38,711)	($ 223,481)	$ 3,877,764
Net income for the year		-	-	-	-	-	-	-	246,790	-	-	-	246,790
Other comprehensive income (loss) for the year	6(18)	-	-	-	-	-	-	-	3,321	(26,328)	1,295,899	-	1,272,892
Total comprehensive income		-	-	-	-	-	-	-	250,111	(26,328)	1,295,899	-	1,519,682
Appropriations of 2022 earnings:	6(17)												
Legal reserve		-	-	-	-	-	-	38,795	(38,795)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(268,493)	-	-	-	(268,493)
Share-based payment transactions	6(14)	-	-	-	-	9,347	-	-	-	-	-	-	9,347
Treasury shares transferred to employees	6(14)	-	-	9,297	-	(9,347)	50	-	-	-	-	43,735	43,735
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	-	-	607	-	-	-	33,610	-	(33,610)	-	607
Disposal of financial assets at fair value through other comprehensive income	6(6)(18)	-	-	-	-	-	-	-	284,447	-	(303,849)	-	(19,402)
Balance at December 31, 2023		$ 1,490,550	$ 970,251	$ 13,293	$ 607	$ -	$ 50	$ 571,311	$ 1,330,863	$ 46,332	$ 919,729	($ 179,746)	$ 5,163,240

CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 277,978	$ 431,807
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(9)(23)	15,579	16,757
Amortization	6(23)	2,325	2,090
Expected credit impairment (gain) loss	12(2)	(85)	52
Net loss on financial assets or liabilities at fair value through profit or loss	6(2)(11)(22)	56,184	12,116
Foreign currency evaluation of financial assets at fair value through other comprehensive income		79	(4,075)
Interest expense	6(9)(10)	21,962	19,352
Interest income	6(20)	(24,520)	(4,070)
Dividend income	6(6)(21)	(104,177)	(119,525)
Share of profit of associates and joint ventures accounted for using equity method	6(7)	(92,601)	(196,993)
Net gain on disposal of property, plant and equipment	6(22)	-	(6,008)
Impairment loss on financial assets	6(22)	-	70,000
Gains form lease modification	6(9)(22)	(13)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(82,256)	(14,790)
Accounts receivable		265,671	(157,609)
Accounts receivable - related parties		-	507
Other receivables		1,721	(1,587)
Other receivables - related parites		(8,011)	47,068
Inventories, net		17,317	(576)
Other current assets		(11,695)	3,988
Changes in operating liabilities			
Notes payable		-	(213)
Accounts payable		(3,186)	(30,814)
Accounts payable - related parties		(557,663)	301,357
Other payables		(21,169)	37,594
Other current liabilities		(1,952)	1,977
Cash (outflow) inflow generated from operations		(248,512)	408,405
Interest received		23,752	3,040
Dividends received		127,618	133,222
Interest paid		(21,962)	(19,352)
Income tax paid		(44,567)	(10,829)
Share-based payments	6(14)	9,347	-
Net cash flows (used in) from operating activities		(154,324)	514,486

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current financial assets at fair value through other comprehensive income		($ 50,000)	($ 85,999)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	897,759	236,761
Acquisition of property, plant and equipment	6(26)	(3,152)	(301)
Proceeds from disposal of property, plant and equipment		-	11,500
Acquisition of intangible assets		(997)	(3,535)
Decrease (increase) in refundable deposits		404	(403)
Increase (decrease) in other non-current assets		(1,914)	264
Net cash flows from investing activities		842,100	158,287
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(27)	-	350,000
Repayments of short-term borrowings	6(27)	(50,000)	(734,800)
Repayments of lease principal	6(27)	(11,735)	(11,680)
Payment of cash dividends	6(17)	(268,493)	(182,080)
Treasury shares sold to employees		43,735	36,075
Net cash flows used in financing activities		(286,493)	(542,485)
Net increase in cash and cash equivalents		401,283	130,288
Cash and cash equivalents at beginning of year		1,077,617	947,329
Cash and cash equivalents at end of year		$ 1,478,900	$ 1,077,617

CREATIVE SENSOR INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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

1. HISTORY AND ORGANIZATION

Creative Sensor Inc. (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.). The Company is primarily engaged in manufacturing and trading of image sensor and its electronic components. Starting from May 17, 2005, the Company's stock was officially listed on the Taiwan Stock Exchange.

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

These financial statements were reported to the Board of Directors on February 29, 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 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

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 IFRSs 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 arrangements'	January 1, 2024

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) IFRSs 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 IFRSs 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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1)Compliance statement

The 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, these financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit assets recognized 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "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 financial statements are disclosed in Note 5.

(3)Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in New Taiwan dollars, 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 within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements 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 closing exchange rate at the date 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 recognized 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)Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(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 amortized 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 recognized and derecognized using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income 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 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 recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(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 fair value through other comprehensive income are recognized and derecognized using settlement 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:

(a) The changes in fair value of equity investments that were recognized 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 recognized 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.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(8)Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company'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 amortized cost are recognized and derecognized using trade date accounting.

(9)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.

(10)Impairment of financial assets

For debt instruments measured at fair value through other financial assets at amortized cost, including financial assets at amortized cost and accounts receivable that have a significant financing component, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 recognizes the impairment provision for lifetime ECLs.

(11)Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(12)Inventories

Inventories are stated at the lower of cost and net realizable value. The perpetual inventory system is adopted for inventory recognition. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13)Investments accounted for using 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. Unrealized 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 recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate 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 using the equity method and are initially recognized at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized 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 recognize 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 recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

G. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized 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. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

I. 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 equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

J. For the reciprocal investments between the Company and another company, investment income or loss was recognized under equity method based on the amount prior to recognition of profit or loss.

(14)Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. 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	4 ~ 7 years
Office equipment	3 ~ 5 years
Leasehold improvements	5 years
Other equipment	3 ~ 5 years

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

A. Leases are recognized 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 recognized 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 fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized 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 comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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 recognized as an adjustment to the right-of-use asset.

D. 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 recognized as an adjustment to the right-of-use asset.

(16)<u>Intangible assets</u>

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(17)<u>Impairment of non-financial assets</u>

A. 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 recognized 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. Except for goodwill, when the circumstances or reasons for recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

(18)Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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 categorized 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 recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(21)Derecognition of financial liabilities

A financial liability is derecognized 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 recognized 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 recognized in profit or loss.

(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 recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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 recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The 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 plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation 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.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. 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 realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized 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, unrecognized and recognized deferred tax assets are reassessed.

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26)Share capital

A. 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.

B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

(27)Revenue recognition

Sale of goods

A. The Company manufactures and sells image sensor and electronic components. Sales are recognized 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 customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. The sales usually are made with a credit term of 30-75 days after monthly billing, 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. A receivable is recognized 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 recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortized to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses.

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

The preparation of these 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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recoverable. The Company assesses the recoverable amount of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023		December 31, 2022	
Cash on hand and revolving funds	$	32	$	32
Checking accounts and demand deposits		1,478,868		1,077,585
Total	$	1,478,900	$	1,077,617

A. The Company transacts with a variety of financial institutions all with high credit quality to diversify 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 at fair value through profit or loss

Items	December 31, 2023		December 31, 2022	
Current items:				
Financial assets mandatorily measured at fair value through profit or loss				
Derivative instruments	$	30,718	$	5,392

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	Years ended December 31,			
	2023		2022	
Financial assets mandatorily measured at fair value through profit or loss				
Derivative instruments	$	44,315	$	13,808

B. The Company has no financial assets at fair value through profit or loss pledged to others.

C. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

Derivative financial instruments	December 31, 2023 Contract amount (Notional principal)	December 31, 2023 Maturity date of the contract	December 31, 2022 Contract amount (Notional principal)	December 31, 2022 Maturity date of the contract
Current items:				
Cross currency swap	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Cross currency swap	USD 2,000	2024.1.12	USD 2,000	2023.2.23
Cross currency swap	USD 2,000	2024.1.12	-	-
Cross currency swap	USD 2,000	2024.1.12	-	-
Cross currency swap	USD 1,000	2024.1.12	-	-
Cross currency swap	USD 5,000	2024.2.22	-	-
Cross currency swap	USD 1,000	2024.2.22	-	-
Cross currency swap	USD 2,000	2024.3.13	-	-
Cross currency swap	USD 1,000	2024.3.13	-	-
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.1.17
Forward exchange contracts	USD 2,000	2024.1.12	USD 2,000	2023.2.14
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.2.14
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.2.23
Forward exchange contracts	USD 2,000	2024.2.22	USD 2,000	2023.3.3
Forward exchange contracts	USD 4,000	2024.3.13	USD 2,000	2023.3.27
Forward exchange contracts	USD 2,000	2024.3.13	-	-

(a) Cross currency swap

The Company entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Company entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(3) Financial assets at amortized cost

Items	December 31, 2023	December 31, 2022
Current items:		
Special-purpose demand deposits	$ 12	$ 12

A. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company were both $12.

B. The Company has no financial assets at amortized cost pledged to others.

C. Information on financial assets at amortized cost relating to credit risk is provided in Note 12(2).

D. The special-purpose demand deposits refer to the Company’s certain self-owned capital deposited into the trust account which is restricted only for the purpose of equity investments.

(4) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 336,934	$ 602,605
Less: Loss allowance	(101)	(186)
	$ 336,833	$ 602,419

A. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Without past due	$ 306,645	$ 592,273
Up to 30 days	30,289	9,945
31 to 90 days	-	387
	$ 336,934	$ 602,605

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $445,369.

C. The Company does not hold any collateral as security.

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $336,833 and $602,419, respectively.

E. Information on accounts receivable relating to credit risk is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,032	($ 793)	$ 239
Work in progress	10	(10)	-
Finished goods	1,112	(862)	250
Total	$ 2,154	($ 1,665)	$ 489

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 855	($ 780)	$ 75
Work in progress	10	(10)	-
Finished goods	15,996	(971)	15,025
Inventory in transit	2,706	-	2,706
Total	$ 19,567	($ 1,761)	$ 17,806

A. The related profit or loss recognized as cost of goods sold for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,	
	2023	2022
Cost of goods sold	$ 2,642,616	$ 3,764,068
Assets retirement losses	-	1,478
Gain on reversal of market value of inventories (Note)	(96)	(1,182)
Total	$ 2,642,520	$ 3,764,364

Note：The gain from price recovery was caused by the reversal of allowance for inventory which were subsequently scrapped or sold

B. The Company has no inventories pledged to others.

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

Items	December 31, 2023	December 31, 2022
Non-current items:		
Debt instruments	$ 91,198	$ 90,519
Government bonds	(1,994)	(4,022)
Valuation adjustment	89,204	86,497
Subtotal		
Equity instruments		
Listed stocks	$ 1,570,780	$ 2,164,690
Unlisted stocks	53,590	3,590
	1,624,370	2,168,280
Valuation adjustment	952,623	50,750
Subtotal	2,576,993	2,219,030
Total	$ 2,666,197	$ 2,305,527

A. The Company has elected to classify abovementioned government bonds and shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $2,666,197 and $2,305,527 as at December 31, 2023 and 2022, respectively.

B. In line with the Group's financial management plan, the Group sold $897,759 and $236,761 of equity instrument investments at fair value during the years ended December 31, 2023 and 2022, and the gain on disposal were $303,849 and $19,261, respectively.

C. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 1,205,722	($ 301,503)
Cumulative gains reclassified to retained earnings due to derecognition	$ 303,849	$ 19,261
Dividend income recognized in profit or loss		
Held at end of year	$ 93,505	$ 112,188
Derecognised during the year	10,672	7,337
	$ 104,177	$ 119,525

	Years ended December 31,	
	2023	2022
Debt instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 2,028	($ 4,022)
Interest income recognized in profit or loss Held at end of year	$ 2,160	$ 1,164

D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was $89,204 and $86,497, respectively.

E. Details of Company's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

F. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(7) Investments accounted for using equity method

	December 31, 2023		December 31, 2022	
	Book value	Shareholding ratio	Book value	Shareholding ratio
Subsidiary:				
Creative Sensor Inc.	$ 1,634,997	100.00%	$ 1,566,479	100.00%
Creative Sensor (USA) Co.	4,680	100.00%	4,502	100.00%
Associate:				
Tien Da Investment Co., Ltd. (Tien Da)	234,515	29.85%	216,815	29.85%
Teco Image Systems Co., Ltd. (Teco Image)	682,561	29.69%	637,887	29.69%
	$ 2,556,753		$ 2,425,683	

	Years ended December 31,			
	2023		2022	
	Share of profit (loss) of subsidiary, associates and joint ventures accounted for using equity method, net	Other comprehensive income (loss) after tax	Share of profit (loss) of subsidiary, associates and joint ventures accounted for using equity method, net	Other comprehensive income (loss) after tax
Subsidiary:				
Creative Sensor Inc.	$ 95,021	($ 26,183)	$ 192,178	$ 20,580
Creative Sensor (USA) Co.	183	(5)	962	380
Associate:				
Tien Da Investment Co., Ltd. (Tien Da)	10,893	13,210	7,924	8,312
Teco Image Systems Co., Ltd. (Teco Image)	(13,496)	74,601	(4,071)	(31,833)
	$ 92,601	$ 61,623	$ 196,993	($ 2,561)

A. Subsidiary

Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 for the information regarding the Company's subsidiaries.

B. Associate

(a) The basic information of the associate that is material to the Company is as follows:

		Shareholding ratio			
Company name	Principal place of business	December 31, 2023	December 31, 2022	Nature of relationship	Method of measurement
Teco Image Systems Co., Ltd.	Taiwan	29.69%	29.69%	Note B(e)	Equity method

(b) The summarized financial information of the associate that is material to the Company is as follows:

Balance sheet

	Teco Image Systems Co., Ltd	
	December 31, 2023	December 31, 2022
Current assets	$ 911,534	$ 1,049,308
Non-current assets	2,237,142	1,969,234
Current liabilities	(537,450)	(835,424)
Non-current liabilities	(83,784)	(106,127)
Total net assets	$ 2,527,442	$ 2,076,991
Share in associate's net assets	$ 650,584	$ 605,910
Goodwill	31,977	31,977
Carrying amount of the associate	$ 682,561	$ 637,887

Statement of comprehensive income

	Years ended December 31,	
	2023	2022
Revenue	$ 1,196,672	$ 1,722,767
Profit for the year from continuing operations	$ 7,118	$ 64,384
Other comprehensive income (loss), net of tax	500,895	(164,173)
Total comprehensive income (loss)	$ 508,013	($ 99,789)
Dividends received from associates	$ 17,038	$ 13,697

(c) The carrying amount of the Company's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of December 31, 2023 and 2022, the carrying amount of the Company's individually immaterial associates amounted to $234,515 and $216,815, respectively.

	Years ended December 31,	
	2023	2022
Profit for the year from continuing operations	$ 10,893	$ 7,924
Other comprehensive loss, net of tax	13,210	8,312
Total comprehensive loss	$ 24,103	$ 16,236

(d) The Company's material associate, Teco Image, has quoted market prices. As of December 31, 2023 and 2022, the fair value was $569,606 and $559,584, respectively.

(e) The Company is the single largest shareholder of Teco Image with a 29.69% equity interest. Taking into consideration the extent of other shareholders' participation in previous shareholders’ meeting of Teco Image and the voting right record of significant proposals, which indicates that the Company has no current ability to direct the relevant activities of Teco Image, the Company has no control, but only has significant influence, over the investee.

(f) In 2022, the Group recognized impairment loss of $70,000 on its investment in Teco Image as the asset’s carrying amount exceeded its recoverable amount.

C. The Company has no investments accounted for using equity method pledged to others.

(8) Property, plant and equipment

	2023				
	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1					
Cost	$ 130,329	$ 21,579	$ 22,578	$ 1,836	$ 176,322
Accumulated depreciation	(124,917)	(16,629)	(22,578)	(1,757)	(165,881)
	$ 5,412	$ 4,950	$ -	$ 79	$ 10,441
Opening net book value as at January 1	$ 5,412	$ 4,950	$ -	$ 79	$ 10,441
Additions	190	568	-	279	1,037
Depreciation	(2,676)	(1,519)	-	(43)	(4,238)
Closing net book value as at December 31	$ 2,926	$ 3,999	$ -	$ 315	$ 7,240
At December 31					
Cost	$ 130,163	$ 22,070	$ 22,578	$ 2,115	$ 176,926
Accumulated depreciation	(127,237)	(18,071)	(22,578)	(1,800)	(169,686)
	$ 2,926	$ 3,999	$ -	$ 315	$ 7,240

	2022				
	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Total
At January 1					
Cost	$ 140,990	$ 21,591	$ 22,578	$ 1,810	$ 186,969
Accumulated depreciation	(126,173)	(17,771)	(22,578)	(1,810)	(168,332)
	$ 14,817	$ 3,820	$ -	$ -	$ 18,637
Opening net book value as at January 1	$ 14,817	$ 3,820	$ -	$ -	$ 18,637
Additions	-	2,406	-	86	2,492
Disposals	(5,492)	-	-	-	(5,492)
Depreciation	(3,913)	(1,276)	-	(7)	(5,196)
Closing net book value as at December 31	$ 5,412	$ 4,950	$ -	$ 79	$ 10,441
At December 31					
Cost	$ 130,329	$ 21,579	$ 22,578	$ 1,836	$ 176,322
Accumulated depreciation	(124,917)	(16,629)	(22,578)	(1,757)	(165,881)
	$ 5,412	$ 4,950	$ -	$ 79	$ 10,441

A. The aforementioned property, plant and equipment were all for its own use.

B. The Company has not pledged property, plant and equipment as a collateral or capitalized the interest.

(9) Leasing arrangements - lessee

A. The Company leases various assets including buildings 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 as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise certain buildings and transportation equipment.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Buildings	Transportation equipment	Total
At January 1, 2023	$ 15,356	$ 825	$ 16,181
Additions	(1,025)	-	(1,025)
Depreciation	(10,516)	(825)	(11,341)
At December 31, 2023	$ 3,815	$ -	$ 3,815

	Buildings	Transportation equipment	Total
At January 1, 2022	$ 22,931	$ 1,649	$ 24,580
Additions	3,162	-	3,162
Depreciation	(10,737)	(824)	(11,561)
At December 31, 2022	$ 15,356	$ 825	$ 16,181

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

	Years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 240	$ 530
Expense on short-term lease contracts	72	72
Profit from lease modification	13	-

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $12,047 and $12,282, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 550,000	1.7%～1.85%	None
Secured borrowings	750,000	1.7%～1.85%	Stock
	$ 1,300,000		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 600,000	1.68%～1.75%	None
Secured borrowings	750,000	1.30%～1.75%	Stock
	$ 1,350,000		

For the years ended December 31, 2023 and 2022, the Company's interest expense recognized in profit or loss amounted to $21,722 and $18,822, respectively.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	$ -	$ 746

A. Amount recognized in profit or loss in relation to financial liabilities at fair value through profit or loss are listed below:

	Years ended December 31,	
	2023	2022
Financial liabilities mandatorily measured at fair value through profit or loss		
Derivative instruments	($ 100,499)	($ 25,924)

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

Derivative financial instruments	December 31, 2023 Contract amount (Notional principal)	December 31, 2023 Maturity date of the contract	December 31, 2022 Contract amount (Notional principal)	December 31, 2022 Maturity date of the contract
Current items:				
Cross currency swap	-	-	USD 2,000	2023.2.14
Cross currency swap	-	-	USD 2,000	2023.2.14
Cross currency swap	-	-	USD 2,000	2023.2.23
Cross currency swap	-	-	USD 2,000	2023.3.3
Forward exchange contracts	-	-	USD 2,000	2023.2.23
Forward exchange contracts	-	-	USD 2,000	2023.3.3

(a) Cross currency swap

The Company entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Company entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(12) Other payables

	December 31, 2023	December 31, 2022
Accrued employees' compensation and directors'remuneration	$ 37,528	$ 58,295
Bonus payable	63,475	58,477
Royalties payable	52,191	52,191
Wages and salaries payable	6,638	5,517
Service fees payable	4,459	4,770
Research and development expense payable	664	1,974
Payables on equipment	76	2,191
Others	17,924	20,994
	$ 182,955	$ 204,409

(13) Pensions

A. (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 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 contributes 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. In May 2022 and May 2023, the Department of Labor, Taipei City Government approved that the Company cease contributing to the retirement fund temporarily for 2023 and 2024, respectively.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 4,620	$ 8,826
Fair value of plan assets	(23,761)	(23,365)
Net defined benefit assets	($ 19,141)	($ 14,539)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
2023			
Balance at January 1	$ 8,826	($ 23,365)	($ 14,539)
Interest expense (income)	124	(327)	(203)
	8,950	(23,692)	(14,742)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(69)	(69)
Change in financial assumptions	61	-	61
Experience adjustments	(4,391)	-	(4,391)
	(4,330)	(69)	(4,399)
Balance at December 31	$ 4,620	($ 23,761)	($ 19,141)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
2022			
Balance at January 1	$ 9,278	($ 21,578)	($ 12,300)
Interest expense (income)	74	(173)	(99)
	9,352	(21,751)	(12,399)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,614)	(1,614)
Change in financial assumptions	(706)	-	(706)
Experience adjustments	180	-	180
	(526)	(1,614)	(2,140)
Balance at December 31	$ 8,826	($ 23,365)	($ 14,539)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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 has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The percentage composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	Years ended December 31,	
	2023	2022
Discount rate	1.30%	1.40%
Future salary increases	3.00%	3.00%

Future mortality rate was 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	($ 151)	$ 157	$ 143	($ 138)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 276)	$ 286	$ 259	($ 251)

The sensitivity analysis above is based on one assumption that 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.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $0.

(g) As of December 31, 2023, the weighted average duration of that retirement plan is 14 years.

B. (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 pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $13,227 and $3,860, respectively.

(14) Share-based payment

A. For the year ended December 31, 2023 and 2022, the Company© 's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Treasury shares transferred to employees	2022.5.11	1,500,000	NA	Vested immediately
Treasury stock transferred to employees	2023.4.12	1,670,000	NA	Vested immediately

The above share-based payment arrangements are settled by eqouity.

B. Details of the share-based payment arrangements are as follows:

	2023	
	No. of options	Weighted-average exercise price (in dollars)
Options granted	1,670,000	$ 26.33
Options exercised	(1,661,000)	26.33
Options expired	(9,000)	26.33
Options outstanding at December 31	-	

	2022	
	No. of options	Weighted-average exercise price (in dollars)
Options granted	1,500,000	$ 28.86
Options exercised	(1,250,000)	28.86
Options expired	(250,000)	28.86
Options outstanding at December 31	-	

C. The weighted-average stock price of stock options at exercise dates for the year ended December 31, 2023 and 2022 was $30.2 and $22.95, respectively.

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Treasury stock transferred to employees	2022.5.11	$ 21.30	$ 28.86	15.77% (Note 1)	0.08 years	0.59%	$ -
Treasury stock transferred to employees	2023.4.12	$ 31.90	$ 26.33	27.26% (Note 2)	0.08 years	1.09%	$ 5.5974

Note 1：Expected price volatility rate was estimated by using the daily historical stock price fluctuation data for the last three months before the given date.

Note 2：Expected price volatility rate was estimated by using the daily historical stock price fluctuation data for the last three months before the given date.

E. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2023	Year ended December 31, 2022
Equity-settled	$ 9,347	$ -

(15) Capital stock

A. As of December 31, 2023, the Company's authorized capital was $2,500,000, consisting of 250 million shares of ordinary stock (including 15 million shares reserved for employee stock options), and the paid-in capital was $1,490,550, consisting of 149,055,000 shares of ordinary shares issued (including 22 million shares to be issued through the private placement) with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding (unit: share) are as follows:

	2023	2022
At January 1	$ 141,312,000	$ 140,062,000
Employee stock options exercise	1,661,000	1,250,000
At December 31	$ 142,973,000	$ 141,312,000

B. To increase working capital and meet the capital needs for the Company's long-term development, the stockholders at their special stockholders' meeting on September 17, 2021 adopted a resolution to raise additional cash through private placement. The maximum number of shares to be issued through the private placement is 38,116,500 shares. The private placement will be raised twice within one year starting from the date that the special stockholders' meeting adopted the resolution.

The Board of Directors resolved to raise $516,780 by issuing 22,000,000 shares of ordinary shares through private placement at an estimated subscription price of $23.49 (in dollars) per share on September 23, 2021. As of November 9, 2021, the private placement had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	6,082,000	$ 179,746

		December 31, 2022	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	7,743,000	$ 223,481

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(e) The Board of Directors of the Company resolved to reissue 1,670,000 and 1,500,000 treasury shares to employees on April 12, 2023 and May 11, 2022, respectively. The actual treasury shares reissued amounted to 1,661,000 shares and 1,250,000 shares. Refer to Note 6(14).

D. The number of the Company's shares held by the Company's associate - Teco Image Systems Co., Ltd. was 28,906,260 shares as of December 31, 2022.

(16) <u>Capital surplus</u>

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(17) Retained earnings

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

(a) Pay all taxes.

(b) Cover accumulated deficit.

(c) Set aside 10% for legal reserve until the legal reserve equals the total capital stock balance.

(d) Set aside or reverse special reserve in accordance with related regulations.

(e) The appropriation of the amount of distributable earnings after deducting items from (a) to (d), along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

The Company operates in a steady growth environment. Since the Company has plans for plant expansion and reinvestment, the current distributable earnings shall be appropriated as shareholders' bonus that account for 80% of the amount. Dividends to shareholders in the form of cash shall generally account for 50% but shall account for at least 5%.

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. Details of 2022 and 2021 earnings appropriations resolved by the stockholders on May 31, 2023 and June 11, 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	$ 38,795		$ 35,197	
Cash dividends	268,493	$ 1.9	182,080	$ 1.3
Total	$ 307,288		$ 217,277	

(18) Other equity items

	2023		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	($ 38,711)	$ 72,660	$ 33,949
Valuation adjustment:			
—Company	1,207,750	-	1,207,750
—Associates	88,149	-	88,149
Valuation adjustment transferred to retained earnings:			
—Company	(303,849)	-	(303,849)
—Associates	(33,610)	-	(33,610)
Currency translation differences:			
—Company	-	(26,188)	(26,188)
—Associates	-	(140)	(140)
At December 31	$ 919,729	$ 46,332	$ 966,061

	2022		
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1	$ 317,668	$ 51,234	$ 368,902
Valuation adjustment:			
—Company	(305,525)	-	(305,525)
—Associates	(25,229)	-	(25,229)
Valuation adjustment transferred to retained earnings:			
—Company	(19,261)	-	(19,261)
—Associates	(6,364)	-	(6,364)
Currency translation differences:			
—Company	-	20,960	20,960
—Associates	-	466	466
At December 31	($ 38,711)	$ 72,660	$ 33,949

(19) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 3,056,224	$ 4,256,952

The Company derives revenue from the following major geographical regions:

Year ended December 31, 2023	China	Thailand	Philippines	Others	Total
Revenue from external customer contracts	$ 1,555,438	$ 354,690	$ 318,571	$ 827,525	$ 3,056,224

Year ended December 31, 2022	China	Thailand	Philippines	Others	Total
Revenue from external customer contracts	$ 1,996,444	$ 529,272	$ 476,111	$ 1,255,125	$ 4,256,952

The Company derives revenue from the transfer of goods at a point in time.

(20) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	$ 22,360	$ 2,906
Interest income from financial assets at fair value through other comprehensive income	2,160	1,164
	$ 24,520	$ 4,070

(21) Other income

	Years ended December 31,	
	2023	2022
Dividend income	$ 104,177	$ 119,525
Directors’ and supervisors’ remuneration	10,394	7,792
Rental revenue	1,778	1,708
Patents income	84	84
Other income	7,563	2,912
	$ 123,996	$ 132,021

(22) Other gains and losses

	Years ended December 31, 2023	2022
Gains (losses) on financial assets and liabilities at fair value through profit or loss	($ 56,184)	($ 12,116)
Net foreign exchange (losses) gains	2,476	8,354
Gains from lease modification	13	-
(Losses) gains on disposal of property, plant and equipment	-	6,008
Financial assets impairment loss (Note)	-	(70,000)
Other gains and losses	(8,755)	(15,042)
	($ 62,450)	($ 82,796)

Note : For impairment loss on investments accounted for using equity method, please refer to Note7(2)6.

(23) Employee benefit expense, depreciation and amortization

For the years ended December 31, 2023 and 2022, employee benefit expense, depreciation and amortization categorized by function were summarized as follows:

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 21,696	$ 136,608	$ 158,304
Labor and health insurance fees	1,029	7,986	9,015
Pension costs	3,692	9,332	13,024
Directors' remuneration	-	9,382	9,382
Other personnel expenses	707	4,383	5,090
Depreciation	2,611	12,968	15,579
Amortization	-	2,325	2,325

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 25,859	$ 157,485	$ 183,344
Labor and health insurance fees	1,105	7,675	8,780
Pension costs	555	3,206	3,761
Directors' remuneration	-	15,029	15,029
Other personnel expenses	958	5,470	6,428
Depreciation	2,703	14,054	16,757
Amortization	-	2,090	2,090

A. As of December 31, 2023 and 2022, the Company had 82 and 86 employees respectively, including 6 non-employee directors for both years.

(a) Average employee benefit expense in current year was $2,440, and average employee benefit expense in previous year was $2,529.

(b) Average employees salaries in current year was $2,083, and average employees salaries in previous year was $2,292.

(c) Adjustments of average employees salaries decreased 9.12%.

(d) The Company has established an audit committee in lieu of a supervisor and accordingly, the requirement for disclosure of information on supervisors' remuneration is not applicable.

(e) The Company's remuneration policy (including directors, managers and employees):

i. Directors' remuneration are determined based on the Articles of Incorporation of the Company. A certain percentage of the current year's earnings, if any, shall be distributed as directors' remuneration. If the company had an accumulated deficit, the current year's earnings shall first be reserved to offset against the accumulated deficit, then appropriated the directors' remuneration based on the ratio mentioned above.

ii. Managers' remuneration is evaluated taking into consideration the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.

iii. Employees' compensation is determined based on the negotiation with employees based on the Company's employee salary policy and shall not be lower than the base pay. The Company shall implement performance assessment periodically whereby the Company conducts adjustment of salary and bonus and employees' promotion and appointment and dismission.

B. According to the Articles of Incorporation of the Company, the pre-tax profit before deduction of employees' compensation and directors' remuneration and after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall account for 5%~15% for employees' compensation and shall not be higher than 5% for directors' remuneration.

C. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at $28,146 and $43,721, respectively; directors' remuneration were accrued at $9,382 and $14,574, respectively. The aforementioned amounts were recognized in salary expenses, and estimated based on the current profit.

Employees' compensation and directors' remuneration for 2023 and 2022 as resolved by the Board of Directors were in agreement with the amounts recorded in the 2023 and 2022 financial statements of $28,146, $9,382, $43,721 and $14,574, respectively. Employees' compensation will be distributed in the form of cash.

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

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 15,910	$ 35,865
Tax imposed on undistributed surplus earnings	4,033	6,734
Prior year income tax under estimation	19	3,320
Total current tax	19,962	45,919
Deferred tax:		
Origination and reversal of temporary differences	11,226	26,206
Total deferred tax	11,226	26,206
Income tax expense	$ 31,188	$ 72,125

(b) The income tax credit/(charge) relating to components of other comprehensive income is as follows:

	Years ended December 31, 2023	Years ended December 31, 2022
Remeasurement of defined benefit obligations	$ 880	$ 428

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2023	Years ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 55,596	$ 86,361
Effect from items disallowed by tax regulations	(17,424)	(7,434)
Effect from investment tax credits	(102)	-
Change in assessment of realization of deferred tax assets	(10,934)	(16,856)
Prior year income tax under estimation	19	3,320
Tax on undistributed surplus earnings	4,033	6,734
Income tax expense	$ 31,188	$ 72,125

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2023			
Temporary differences:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
－Deferred tax assets:				
Unrealized gain on affiliates	$ -	$ 11	$ -	$ 11
Unrealized inventory valuation losses	352	(19)	-	333
Unrealized expence	-	2,130	-	2,130
	$ 352	$ 2,122	$ -	$ 2,474

	2023			
－Deferred tax liabilities:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Unrealized gain on affiliates	($ 52)	$ 52	$ -	$ -
Unrealized exchange gain	(4,098)	2,090	-	(2,008)
Unrealized valuation gain on financial assets	(929)	(5,215)	-	(6,144)
Gain on investments accounted for using equity method	(31,784)	(10,235)	-	(42,019)
Defined benefit plan	(2,908)	(40)	(880)	(3,828)
	($ 39,771)	($ 13,348)	($ 880)	($ 53,999)
	($ 39,419)	($ 11,226)	($ 880)	($ 51,525)

	2022			
Temporary differences:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
－Deferred tax assets:				
Unrealized gain on affiliates	$ 19	($ 19)	$ -	$ -
Unrealized inventory valuation losses	589	(237)	-	352
Unrealized expence	240	(240)	-	-
	$ 848	($ 496)	$ -	$ 352
－Deferred tax liabilities:				
Unrealized gain on affiliates	$ -	($ 52)	$ -	($ 52)
Unrealized exchange gain	(1,726)	(2,372)	-	(4,098)
Unrealized valuation gain on financial assets	(394)	(535)	-	(929)
Gain on investments accounted for using equity method	(9,053)	(22,731)	-	(31,784)
Defined benefit plan	(2,460)	(20)	(428)	(2,908)
	($ 13,633)	($ 25,710)	($ 428)	($ 39,771)
	($ 12,785)	($ 26,206)	($ 428)	($ 39,419)

D. The Company’s income tax returns through 2020 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 246,790	113,407	$ 2.18
Diluted earnings per share			
Net income	$ 246,790	113,407	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,245	
Net income plus assumed conversion of all dilutive potential ordinary shares	$ 246,790	114,652	$ 2.15

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 359,682	111,858	$ 3.22
Diluted earnings per share			
Net income	$ 359,682	111,858	
Employees' compensation	-	1,754	
Net income plus assumed conversion of all dilutive potential ordinary shares	$ 359,682	113,612	$ 3.17

The Company applies the equity method for the mutual shareholding of shares with Teco Image Systems Co., Ltd., and applies the treasury stock method for investments on Teco Image Systems Co., Ltd.. In calculating earnings per share, the Company recognizes Teco Image Systems Co., Ltd.'s shareholding as treasury shares which is a deduction from equity.

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	$ 1,037	$ 2,492
Add: Opening balance of payable on equipment	2,191	-
Less: Ending balance of payable on equipment	(76)	(2,191)
Cash paid during the year	$ 3,152	$ 301

(27) Changes in liabilities from financing activities

	2023		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 1,350,000	$ 16,821	$ 1,366,821
Changes in cash flow from financing activities	(50,000)	(11,735)	(61,735)
Increase in lease liabilities	-	(1,038)	(1,038)
Interest amortized in lease liabilities	-	240	240
Interest paid in lease liabilities	-	(240)	(240)
At December 31	$ 1,300,000	$ 4,048	$ 1,304,048

	2022		
	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 1,734,800	$ 25,339	$ 1,760,139
Changes in cash flow from financing activities	(384,800)	(11,680)	(396,480)
Increase in lease liabilities	-	3,162	3,162
Interest amortized in lease liabilities	-	530	530
Interest paid in lease liabilities	-	(530)	(530)
At December 31	$ 1,350,000	$ 16,821	$ 1,366,821

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Koryo Electronics Co., Ltd.	The Group's key management
Yuryo Co., Ltd	Subsidiaries of the Group's key management
Teco Image Systems Co., Ltd.	Associate
Teco Image Systems (DongGuan) Co., Ltd.	Associate
Tien Da Investment Co., Ltd.	Associate
Creative Sensor Co., Ltd.	Subsidiary
Wuxi Creative Sensor Technology Co., Ltd.	Subsidiary
Nanchang Creative Sensor Technology Co., Ltd.	Subsidiary
Creative Sensor(USA) Co.	Subsidiary

(2) Significant related party transactions and balances

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sales of goods:		
－The Group's key management	$ -	$ 2,193

Sales to aforementioned related parties are based on the price lists in force and terms negotiated with related parties that would be available to third parties. The term is 30 to 45 days after monthly billing upon shipment of goods.

B. Purchases

	Years ended December 31,	
	2023	2022
Purchases of goods:		
－Subsidiary		
Nanchang Creative Sensor Technology Co., Ltd.	$ 2,590,930	$ 3,596,674

Purchases from aforementioned related parties are based on the price lists in force and terms negotiated with related parties that would be available to third parties. The term is 75 to 90 days after monthly billing upon purchases.

C. Receivables from related parties

	December 31, 2023	December 31, 2022
Other receivables -material, payments on behalf of others and patents		
－Subsidiary		
Nanchang Creative Sensor Technology Co., Ltd.	$ 26,976	$ 18,142
Other	119	989
－Associates	47	-
	$ 27,142	$ 19,131

D. Payables to related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
－Subsidiary		
Nanchang Creative Sensor Technology Co., Ltd.	$ 410,817	$ 968,480
Other payables		
－Subsidiary	3,166	3,073
－Associate	397	-
	3,563	3,073
	$ 414,380	$ 971,553

E. Consultant fee

	Years ended December 31,	
	2023	2022
Subsidiary	$ 9,334	$ 8,968
Subsidiaries of the Group's key management	3,053	-
	$ 12,387	$ 8,968

F. Outsourcing labor costs

	December 31, 2023	December 31, 2022
Associates	$ 1,232	$ -

G. Other income

	Years ended December 31,	
	2023	2022
Associates	$ 110	$ -

(3) Key management compensation

	Year ended December 31, 2023		Year ended December 31, 2022	
Short-term employee benefits	$	45,530	$	49,884
Share-based payments		2,127		-
	$	47,657	$	49,884

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

	Book value				
Pledged asset	December 31, 2023		December 31, 2022		Purpose
Non-current financial assets at fair value through other comprehensive income	$	2,106,000	$	1,239,750	Short-term borrowings

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

(1) Contingencies

None.

(2) Commitments

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUNT EVENTS AFTER THE BALANCE SHEET DATE

On February 29, 2024, the Board of Directors resolved to reduce capital and refund cash to shareholders in order to adjust the capital structure and increase the return on equity. The amount of capital reduced was set at $149,055, the number of shares eliminated was 14,905,500 shares, and the paid-in capital was $1,341,495 after the reduction. The proposal of capital reduction was submitted to the shareholders for approval, and the chairman was authorised to set another record date for the capital reduction while the capital reduction had been approved by the shareholders and the competent authority.

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 repurchase treasury shares to optimize capital structure. The Company monitors capital on the basis of the gearing ratio or net worth per share. The former is calculated as net debt divided by total capital while the latter is calculated with total equity divided by number of shares. Total borrowings is net debt. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2023, the Company's strategy, which was unchanged from 2022, was to maintain a stable gearing ratio.

The gearing ratios at December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Net debt	$ 1,300,000	$ 1,350,000
Total equity	$ 5,163,240	$ 3,877,764
Total capital	$ 6,463,240	$ 5,227,764
Gearing ratio	20%	26%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 30,718	$ 5,392
Financial assets at fair value through other comprehensive income		
Designation of equity instruments	2,576,993	2,219,030
Qualifying debt instruments	89,204	86,497
Financial assets at amortized cost		
Cash and cash equivalents	1,478,900	1,077,617
Accounts receivable (including related parties)	336,833	602,419
Other receivables (including related parties)	27,603	21,303
Guarantee deposits paid	1,660	2,064
Financial assets at amortized cost	12	12
	$ 4,541,923	$ 4,014,334

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities at fair value through profit or loss, mandatorily measured at fair value	$ -	$ 746
Financial liabilities at amortized cost		
Short-term borrowings	1,300,000	1,350,000
Accounts payable (including related parties)	412,499	973,348
Other payables	182,955	204,409
	$ 1,895,454	$ 2,528,503
Lease liability (including current and noncurrent portion)	$ 4,048	$ 16,821

B. Financial 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. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) in accordance with internal plans or policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation 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 as well as acquisition and disposal of assets.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

ii. The Company's management made a policy to manage their foreign exchange risk against their functional currency. The Company is required to hedge their entire foreign exchange risk exposure with the Company treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use cross currency swap and forward foreign exchange contracts, transacted with Group treasury.

iii. The Company hedges foreign exchange rate by using forward foreign exchange contracts and 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 Notes 6(2) and 6(11).

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

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 32,319	30.71	$ 992,516	1%	$ 9,925	$ -
Investments accounted for using equity method						
USD：NTD	53,392	30.71	1,639,677	-	-	-
Financial liabilities						
Monetary items						
USD：NTD	$ 15,470	30.71	$ 475,084	1%	$ 4,751	$ -

	December 31, 2022					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 49,751	30.73	$ 1,528,848	1%	$ 15,288	$ -
Investments accounted for using equity method						
USD：NTD	51,122	30.73	1,570,981	-	-	-
Financial liabilities						
Monetary items						
USD：NTD	$ 33,284	30.73	$ 1,022,817	1%	$ 10,228	$ -

v. The total exchange (loss) gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company, were $2,476 and $8,354 for the years ended December 31, 2023 and 2022, respectively.

Price risk

i. The Company'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 Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company's investments in equity securities comprise beneficiary certificates, domestic listed and unlisted stocks. 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 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased both by $0, as a result of gains/losses on equity securities classified as at fair value through profit or loss. For the years ended December 31, 2023 and 2022, other components of equity would have increased/decreased by $257,699 and $221,903, 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

The Company's interest rate risk arises from short-term borrowings. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

(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, and the contract cash flows of debt instruments stated at amortized cost and at fair value through other comprehensive income.

ii. The Company manages its credit risk taking into consideration the entire Company© concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing 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 utilization of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iv. The Company adopts the following assumption 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.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties;

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. 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. As of December 31, 2023 and

2022, the Company had no written-off financial assets that are still under recourse procedures.

viii. The Company's accounts receivable arose from customers with excellent credit, and the expected loss rate was 0.03%. On December 31, 2023 and 2022, the total book value of accounts receivable and loss allowance were $336,934, $602,605 and $101, $186, respectively.

ix. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023	2022
	Accounts receivable parties)	Accounts receivable parties)
At January 1	$ 186	$ 134
(Reversal) provision of impairment	(85)	52
At December 31	$ 101	$ 186

For the years ended December 31, 2023 and 2022, the impairment losses and gains arising from customers' contracts are ($85) and $52, respectively.

x. For investments in debt instruments at amortized cost and at fair value through other comprehensive income, the credit rating levels are presented below:

	December 31, 2023			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost	$ 12	$ -	$ -	$ 12
Financial assets at fair value through other comprehensive income	$ 89,204	$ -	$ -	$ 89,204

	December 31, 2022			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortized cost	$ 12	$ -	$ -	$ 12
Financial assets at fair value through other comprehensive income	$ 86,497	$ -	$ -	$ 86,497

The financial assets at amortized cost held by the Company are restricted bank demand deposit. The credit risk rating has no significant abnormal situation.

The financial assets at fair value through other comprehensive income held by the company are all government bonds. The Group assesses the 12 month expected credit loss and lifetime expected credit loss based on the probability of default and default loss provided by external credit rating agencies. The credit risk rating has no significant abnormal situation.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities 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.

ii. The table below analyzes the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities.

The amounts disclosed in the table are the contractual " undiscounted " cash flows.

Non-derivative financial liabilities

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 1,302,372	$ -	$ -
Accounts payable (including related parties)	412,499	-	-
Other payables	182,955	-	-
Lease liability	4,066	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 1,351,999	$ -	$ -
Accounts payable (including related parties)	973,348	-	-
Other payables	204,409	-	-
Lease liability	12,210	4,874	-
Non-derivative financial liabilities			
Cross currency swap	$ 638	$ -	$ -
Forward exchange cintracts	108	-	-

iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(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 derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, financial assets at amortized cost - current, guarantee deposits paid, short-term borrowings, notes payable accounts payable, other payables and lease liability are approximate to their fair values.

C. The related information on 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 are as follows:

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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 30,718	$ -	$ 30,718
Financial assets at fair value through other comprehensive income				
Equity securities	2,526,993	-	50,000	2,576,993
Debt instruments	89,204	-	-	89,204
Total	$ 2,616,197	$ 30,718	$ 50,000	$ 2,696,915

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 5,392	$ -	$ 5,392
Financial assets at fair value through other comprehensive income				
Equity securities	2,219,030	-	-	2,219,030
Debt instruments	86,497	-	-	86,497
Total	$ 2,305,527	$ 5,392	$ -	$ 2,310,919
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instruments	$ -	$ 746	$ -	$ 746

(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:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net assets value

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, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

iii. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts and cross currency swap are usually valued based on the current forward exchange rate.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

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, Y and Y-1:

	2023	2022
	Equity instrument	Equity instrument
At January 1	$ -	$ -
Acquired in the period	50,000	-
At December 31	$ 50,000	$ -

F. Treasury segment 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 resource of information is independent, reliable and in line with other resources and represented as the exercisable price.

G. 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:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)
Non-derivative equity instrument:				
Venture capital shares	$ 50,000	Net asset value	Not applicable	Not applicable

December 31, 2022: There is no such situation.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the significant transactions for the year ended December 31, 2023 are as follows:

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 NT$300 million or 20% of the Company's paid-in capital: Please refer to table 2.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Notes 6(2) and 6(11).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

None.

Creative Sensor Inc.

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)

					As of December 31, 2023				
Securities held by	Marketable securities categories (Note 1)	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares (in thousands)	Book value (Note 2)	Ownership (%)	Fair value	Footnote
The Company	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	47,562	$ 2,225,902	2.22%	$ 2,225,902	Note 3
〃	〃	Koryo Electronics Co., Ltd.	The Company’s key management	〃	9,882	289,542	19.07%	289,542	
〃	〃	MUTUALPAK	-	〃	108	-	0.65%	-	
〃	〃	Taiwan Pelican Express Co., Ltd.	-	〃	281	11,549	0.29%	11,549	
〃	〃	DARJIUN VENTURE CORPORATION	The Company is the Company’s corporate director	〃	5,000	50,000	13.33%	50,000	
〃	Bond	U.S. Treasury bond U.S. dollar semiannual sovereign bond	-	〃	30	89,204	-	89,204	
						$ 2,666,197		$ 2,666,197	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

Creative Sensor Inc.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

					Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023		Footnote
Investor	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the investor	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Gain on disposal	Number of shares (in thousand shares)	Amount	
The Company	Stock TECO ELECTRIC & MACHINERY CO., LTD.	Non-current financial assets at fair value through other comprehensive income	-	-	69,489	$ 1,914,422	-	$ -	21,927	$ 897,759	$ 593,910	$ 303,849	47,562	$ 2,225,902	Note 3

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Balance as at December,31, 2023 included fair value valuation amounting to $937,649.

Creative Sensor Inc.

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 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		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
The Company	Nanchang Creative Sensor Technology Co., Ltd.	The Company's third-tier subsidiary	Purchases	$ 2,590,930	100%	75~90 days after monthly billing	$ -	-	($ 410,817)	99.59%	-

Creative Sensor Inc.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Nanchang Creative Sensor Technology Co., Ltd.	The Company	Parent company	$ 410,817	3.76	$ -	-	$ 133,589	$ -

Creative Sensor Inc.
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction				
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)	Note
0	The Company	Nanchang Creative Sensor Technology Co., Ltd.	1	Accounts payable	$ 410,817	75~90 days after monthly billing	5.69%	-
〃	〃	〃	〃	Purchases	2,590,930	〃	84.78%	-
1	Nanchang Creative Sensor Technology Co., Ltd.	The Company	2	Accounts payable	26,976	60 days after monthly billing	0.37%	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-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.

Note 4: Individual transactions not reaching $10,000 and their corresponding transactions will not be disclosed.

Creative Sensor Inc.
Information on investees
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31,2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value	Net profit (loss) of the investee for the nine months ended December 31, 2023	Investment income (loss) recognized by the Company for the nine months ended December31, 2023 (Note 1)	Footnote
The Company	Creative Sensor Inc.	British Virgin Islands	Holding company	$ 583,416	$ 583,416	15,414,994	100	$ 1,634,997	$ 95,021	$ 95,021	Subsidiary
The Company	Creative Sensor (USA) Co.	U.S.A.	Collection of marketing information and maintaining customer relationship	3,169	3,169	100,000	100	4,680	183	183	Subsidiary
The Company	Teco Image Systems Co., Ltd.	Taiwan	Design, manufacturing and trading of multi-function printer, fax machine and scanner	737,506	737,506	33,408,000	29.69	682,561	7,118	(13,496)	Investee accounted for using equity method
The Company	Tien Da Investment Co., Ltd.	Taiwan	Investing company	223,040	223,040	21,340,000	29.85	234,515	36,492	10,893	Investee accounted for using equity method
Creative Sensor Inc.	Creative Sensor Co., Ltd.	Hong Kong	Holding company	586,837	586,837	15,501,368	100	1,302,511	102,728	-	Subsidiary of the company

Note 1: The Company has not directly recognized the income (loss) on investment in Creative Sensor Co., Ltd.

Creative Sensor Inc.
Information on investments in Mainland China
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

A. Information on reinvestment in Mainland Area

Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended December31, 2023: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended December31, 2023: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December31, 2023 (Note 3)	Net income of investee for the six months ended December31, 2023	Ownership held by the Company (direct or indirect)	Investment income recognized by the Company for the six months ended December31, 2023 （Note 4）	Book value of investments in Mainland China as of December31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December31, 2023	Footnote
Wuxi Creative Sensor Technology Co., Ltd.	Image Sensor	$ 35,815	Note 1	$ 28,095	$ -	$ -	$ 28,095	$ 4,668	100	$ 4,668	$ 170,046	$ 637,020	Note 5
Nanchang Creative Sensor Technology Co., Ltd.	Image Sensor	941,670	Note 1	445,223	-	-	445,223	105,392	100	105,392	1,129,591	437,459	Note 6

Note 1: Through investing in an existing company in the third area (Creative Sensor Inc.), which then invested in the investee in Mainland China.
Note 2: The paid-in capital of two investee companies in the original currency amounted to RMB$8,261 thousand and RMB$217,215 thousand, respectively.
Note 3: Wuxi Creative Sensor Technology Co., Ltd.'s accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 2023 in the original currency was both US$915 thousand. Nanchang Creative Sensor accumulated amount of remittance from Taiwan to Mainland China as of January 1 and December 31, 2023 in the original currency was both US$14,500 thousand.
Note 4: Investment income recognized for the six months ended December 31, 2023 was evaluated and disclosed based on the financial statements reviewed by R.O.C. parent company’s CPA.
Note 5: The investment facility of US$15,005 thousand was approved by the Investment Commission, as of December 31, 2023, the Investment Commission also approved the investment income of US$21,440 thousand which has been remitted back to Taiwan and proceeds from capital reduction of US$14,000 thousand which have been remitted back, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.
Note 6: The investment facility of US$14,500 thousand and US$15,300 thousand of Wuxi Creative Sensor Technology Co., Ltd.’s reinvestment in Nanchang Creative Sensor Technology Co., Ltd. through capitalisation of earnings which was approved by the Investment Commission, as of December 31, 2023, the Investment Commission also approved that the investment income of US$15,121 thousand which has been remitted back to Taiwan, and all of them could be used to deduct from the accumulated investment amounts in Mainland China.

B. Ceiling on reinvestments in Mainland Area

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	$ 473,318	$ 476,081	$ 3,097,944

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023 in original currency amounted to US$15,415 thousand.
Note 2: Investment amount in the original currency approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to US$15,505 thousand.
Furthermore, as of December 31, 2023, the Investment Commission approved that the investment income from reinvestment business in Mainland China remitted back to Taiwan was US$36,561 thousand which could be deducted from the accumulated investment amounts in Mainland China.

Creative Sensor Inc.

Major shareholders information

December 31, 2023

Table 8

Major shareholders name	Ownership	Ownership (%)
Teco Image Systems Co., Ltd.	28,906,260	19.39%
UNIVERSAL CEMENT CORPORATION	13,158,000	8.82%
Tien Da Investment Co., Ltd.	12,318,000	8.26%
Yurui Co., Ltd.	9,018,029	6.50%
Huan Ni Investment Co., Ltd.	9,000,000	6.03%
Teco International Investment Co., Ltd.	7,913,310	5.30%

（a）The major shareholders information was derived 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 on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

（b） If the aforementioned data contains shares which were kept in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholders have power to decide how to allocate the assets held in trust. For the information on reported share equity of insider, please refer to Market Observation Post System.

Items	Summary	Amount
Cash on hand and petty cash		$ 32
Cash in banks		
-Checking accounts deposits		156
-Demand deposits		1,027,768
-Foreign currency deposits	JPY 3,813,130 , at an exchange rate of $ 0.2182	
	USD 14,653,912.87 , at an exchange rate of $ 30.705	
	EUR 86.5 , at an exchange rate of $ 34.14	
	RMB 37,017.7 , at an exchange rate of $ 4.3352	450,944
		$ 1,478,900

Customer name	Summary	Amount	Note
A customer		$ 91,813	
B customer		43,187	
C customer		29,313	
D customer		28,820	
E customer		23,004	
F customer		22,055	
G customer		17,233	
Others		81,509	The balance of each customer has not exceeded 5% of the accounts receivable.
		336,934	
Less: Allowance for bad debts		(101)	
		$ 336,833	

Name	Number of shares (in thousand shares)	Carrying amount	Market price	Number of shares (in thousand shares	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Market price	Guarantee/pledge
Debt instruments											
U.S. Treasury bond U.S. dollar semiannual sovereign bond	30	$ 90,519	$ 86,497	-	$ 679		$ -	30	$ 91,198	$ 89,204	None
Valuation adjustment on investment in debt instrument measured at fair value through other comprehensive income		(4,022)			2,028		-		(1,994)		
Subtotal		86,497			2,707		-		89,204		
Listed stocks											
TECO Eletronic & Machinery Co., Ltd.	69,489	$ 1,882,163	$ 1,914,422	-	$ -	(21,927)	($ 593,910)	47,562	$ 1,288,253	$ 2,225,902	Note
Taiwan Pelican Express Co., Ltd.	281	8,049	14,077	-	-	-	-	281	8,049	11,549	None
Koryo Electronics Co., Ltd.	9,882	274,478	290,531	-	-	-	-	9,882	274,478	289,542	"
Unlisted stocks											
DARJIUN VENTURE CORPORATION	-	-	-	5,000	50,000			5,000	50,000	50,000	"
MUTUAL-PAK Technology Co., Ltd.	108	3,590	-	-	-	-	-	108	3,590	-	"
		2,168,280	$ 2,219,030		50,000		(593,910)		1,624,370	$ 2,666,197	
Valuation adjustment on investment in equity instrument measured at fair value through other comprehensive income		50,750			901,873		-		952,623		
Subtotal		2,219,030			951,873		(593,910)		2,576,993		
Total		$ 2,305,527			$ 954,580		($ 593,910)		$ 2,666,197		

Note：Partial number of shares pledged as collateral for short-term borrowings, book value is $2,106,000.

Name	Opening balance: Number of shares (in thousand shares)	Opening balance: Amount	Additions: Number of shares (in thousand shares)	Additions: Amount		Reductions: Number of shares (in thousand shares)	Reductions: Amount		Ending balance: Number of shares (in thousand shares)	Ending balance: Shareholding ratio	Ending balance: Amount	Market price or net equity: Price per unit (in dollars)	Market price or net equity: Total amount	Guarantee/pledge
Creative Sensor Inc.	15,415	$ 1,566,479	-	$ 94,701	Note 1	-	($ 26,183)	Note 2	15,415	100%	$ 1,634,997	$ 106.07	$ 1,634,997	None
Creative Sensor (USA) Co.	100	4,502	-	183	Note 1	-	(5)	Note 2	100	100%	4,680	46.80	4,680	〃
Tien Da Investment Co., Ltd.	21,340	216,815	-	24,103	Note 1	-	(6,403)	Note 2	21,340	29.85%	234,515	11.34	241,973	〃
TECO Image Systems Co., Ltd.	33,408	637,887	-	75,546	Note 1	-	(30,872)	Note 2	33,408	29.69%	682,561	17.05	569,606	〃
		$ 2,425,683		$ 194,533			($ 36,970)				$ 2,556,753			

Note 1: It included share of profit (loss) of subsidiary, associates and joint ventures accounted for using equity method, financial statements translation differences of foreign operations, changes in equity unrealized gain on inter-company transactions between parent company and subsidiaries, actuarial gains (losses) on defined benefit plans, acquisition of investments accounted for using equity method, acquisition of associates accounted for using equity method and equity instruments at fair value through other comprehensive income transferred to investments accounted for using equity method for the year.

Note 2: It included financial statements translation differences of foreign operations, proceeds from capital reduction of investments accounted for using equity method, distributed cash dividends, and gain (loss) on valuation of financial assets at fair value through other comprehensive income.

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Unsecured borrowings	Yuanta Commercial Bank	$ 200,000	2023.10.3~2024.1.3	1.70%	$ 250,000	None	None
"	Shanghai Commercial Bank	200,000	2023.12.31~2024.2.29	1.85%	200,000	"	"
"	First Commercial Bank	150,000	2023.12.28~2024.3.28	1.80%	150,000	"	"
Secured borrowings	Bank SinoPac Co., Ltd.	300,000	2023.8.9~2024.2.5	1.75%	300,000	Stock	"
"	CTBC Bank Co., Ltd.	300,000	2023.10.3~2024.1.3	1.70%	350,000	"	"
"	Yuanta Commercial Bank	150,000	2023.12.28~2024.2.27	1.75%	150,000	"	"
		$ 1,300,000			$ 1,400,000		

Items	Quantity	Amount	Note
Image sensor	19,745,063	$ 3,056,224	

Items	Amount	Note
Direct materials		
Raw materials at the beginning	$ 3,561	
Add: Raw materials purchased during the year	868	
Less: Raw materials at the end	(1,032)	
Reclassification	(2,706)	
	691	
Work in progress		
Work in progress at the beginning	10	
Less: Work in progress at the end	(10)	
	-	
Overhead	32,806	
Cost of goods sold-goods manufactured	33,497	
Cost of goods sold-goods outsourcing		
Goods outsourcing at the beginning	15,996	
Add: Purchase during the year	2,590,930	
Less: Goods outsourcing at the end	(1,112)	
Others	3,305	
Cost of goods sold	2,642,616	
Inventory valuation gain	(96)	
Operating cost	$ 2,642,520	

Items	Summary	Amount	Note
Salaries and wages		$ 10,580	
Bonus		6,996	
Employees' compensation		4,120	
Depreciation		2,611	
Other expenses		8,499	
		$ 32,806	

Items	Summary	Amount		Notes
Consultant fee		$	16,286	
Wages and salaries			14,875	
Bonus			8,810	
Employees' compensation			5,377	
Marketing research expense			3,583	
Depreciation expense			2,014	
Others			12,655	
		$	63,600	

Items	Summary	Amount	Notes
Wages and salaries		$ 35,775	
Bonus		23,724	
Professional service fee		13,802	
Employees' compensation		11,766	
Directors' remuneration		9,382	
Consultant fee		9,850	
Others		43,178	
		$ 147,477	

Items	Summary	Amount	Notes
Consultant fee		$ 22,635	
Wages and salaries		17,756	
Bonus		11,642	
Employees' compensation		6,883	
Research and development expenses		7,407	
Depreciation expense		4,483	
Others		10,548	
		$ 81,354	

CREATIVE SENSOR INC.

Yu-Jen Huang