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Associated Industries China, Inc.
Annual Report 2023

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This translated document is prepared in accordance with the Chinese version and is for reference only.
In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.

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V. Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None

VI. Company website:

https://www.agneovo.com

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One. Letter to Shareholders

Dear Shareholders,

In 2023, the consolidated operating revenue of Associated Industries China, Inc. (known as "AG Neovo") amounted to NT$510,587 thousand, which decreased by 14% compared to NT$594,422 thousand in the previous year. The sales volume fell by 11%, while the gross profit margin increased from 32% in 2022 to 39%. In 2023, the net operating loss amounted to NT$41,292 thousand, an increase of NT$4,922 thousand from the net operating profit of NT$36,370 thousand in 2022. The operating results for the year 2023 showed a net loss after tax of NT$56,773 thousand, of which NT$29,820 thousand is attributable to the owners of the parent company. The loss per share after tax is NT$0.59.

We experienced the ups and downs of imbalances in global supply and demand for the past three years (2020 - 2022) due to COVID-19, followed by geopolitical and financial market tensions, including Sino-US relations, the Russian-Ukrainian war, interest rate hikes, and inflation. In the second half of 2023, manufacturers were faced with revenue decrease due to the rapidly reducing market demand, and heavy inventory pressures, resulting in a tight working capital, and even corporate layoffs or bankruptcy. The global economy is expected to maintain a mild slowdown in 2024, which will be the lowest growth since the post-pandemic period. The economic growth in the next five years will not be fully recovered to the average level of 2016 - 2019.

The main focus of the work of AG Neovo in 2023 is to uphold the toughness of stability and continuous optimization of operation management under uncertain conditions, and to gradually accelerate the progress of goals. Looking forward to the future, AG Neovo seeks to achieve its vision of "Being a reliable platform that creates the added value for all stakeholders in the AG Neovo value chain," as well as upholding its branding philosophy that adopts three elements, namely "users, environment, and products/services" as the main axes, so as to develop the strategic planning and action plans.

1.Professional Displays

With the operational objective and user experience of the professional market as the core of the Company's product and technology application development, and integrate the layout of digital marketing, the brand positioning of AG Neovo display in the professional market has been laid down. The Company's displays are excellent in the application of real-time security monitoring and accurate information display in public venues such as industrial manufacturing, medical care institutions, and transportation, achieving the core idea of product development of real-time information, accurate presentation, and uninterrupted customer operations.

- Implement the ESG sustainable management concept in the value chain layout: We are committed to developing products that meet the needs of target customers (five major markets) centering on software and services; developing products with modular concepts in order to achieve the professionalism of meeting the target market for end products and the optimization of performance in the value chain.
- We work closely with key partners to implement the action plan for profit sharing.
- We launch digital information management to optimize long-term operating efficiency.

2.Solution

The focus of AG Neovo's solution is to meet the needs of application customers in different fields in detail through software development and technical service provision. For example, in the field of business conferencing applications, the emphasis is on cross-regional video conferencing and the real-time presentation of various document types; in the field of education applications, two-way synchronous content communication is the main focus; in information display in public areas, not allowing machine maintenance conditions to affect operations is the first priority. The Company focuses on the application field and integrates application software and technical support services to demonstrate the unique value of AG Neovo Solution:

- Develop or integrate suitable application software according to the needs of users in different application fields, manage operational risks in user fields, while improving efficiency.
- Develop a display health monitoring and diagnosis system and implement an early warning mechanism to ensure the uninterrupted operation of displays in public areas.
- In addition to independent research and development, the Company will deepen cooperation with strategic partners and continue to optimize the application of "field solutions".

3.Healthcare

AG Neovo Healthcare has been established through its subsidiary, Taiwan Biophotonic Corporation (tBPC).

The preventive medicine that uses various preventive measures to avoid illness is the vision of tBPC. Non-intrusive wearables are used to monitor physiological parameters anytime, anywhere, assisting medical teams in finding correlations with underlying diseases, which has become a strategy for Taiwan's physicians to implement preventive medicine. The fundamental premise of all of this is the need for precision wearables to be distributed throughout the home or on individuals. In this entire ecosystem, tBPC hopes to use the two technologies (bio-optics simulation and opto-mechanical integration) and three soft powers (algorithms, patent layout, and clinical experimentation) of TBPC-INSIDE as a platform for the pursuit of precision medicine and play the role of the "enabler" of the target medical materials or brand manufacturers.

Short- and medium-term measures:

- Work with wearable (brand or solution provider) partners to develop products and technologies, commit to establishing long-term cooperative relations, continue to expand the influence of Taiwanese medicine in this ecosystem, and grow technology and operating revenue.
- On the application end, by working with medical and health channel partners, TtBPC continues to promote the home sleep reporting solution in Taiwan’s sleep market; and continues to introduce nighttime sleep data collection and clinical classification, with the hope of becoming an expert in the field of sleep care.

In respect of the overall company management, all employees consistently uphold the governance philosophy and resolve in their actions. I would like to thank the long-term support that our shareholders have extended to the Company. The management team and all employees of AG Neovo shall continue our endeavor to facilitate the utilization of AG Neovo’s corporate culture, brand value and core competitiveness in creating the maximum profit, so as to protect shareholder interests and take on the corporate social responsibility (CSR). We hope the shareholders would maintain their initial faith and confidence in AG Neovo, and embark on a profitable future with us. Finally, we wish you good health and all the best.

Chairman, Hua-Chung Pi

General Manager, Hsin-Yuan Chao

Two. Company Profile

I. Date of incorporation

Associated Industries China, Inc. was incorporated on May 18, 1978 and mainly produces steel shipping containers. In 2000, the Company was transformed into a professional brand marketing company for LCD monitors to develop the electronic technology business. We mainly engage in the research and development (R&D) of LCD monitor in our own brand, AG Neovo, and have established an excellent brand image in the market and won many awards all over the world. In 2014, we established a biomedical division and a new venture division to gradually expand the Company's new business fields.

II. Company history

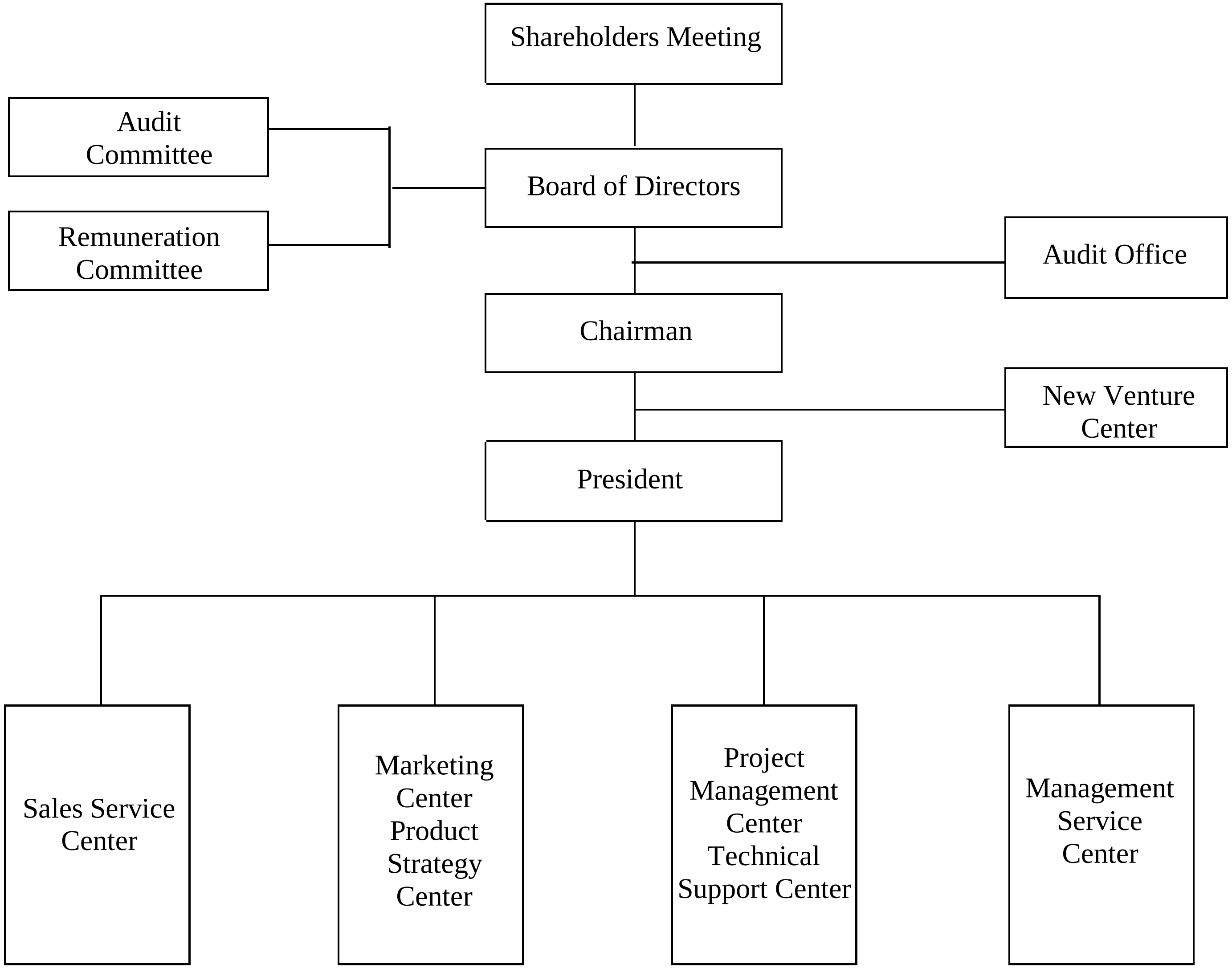
May 1978	Established the Company with a capital of NT$10,000 thousand.
December 1978	Increased the capital in cash to NT$36,000 thousand.
April 1979	Start production, increased the capital in cash to NT$50,000 thousand.
August 1979	Increased the capital in cash to NT$60,000 thousand.
January 1980	Increased the capital in cash to NT$80,000 thousand.
November 1980	Increased the capital in cash to NT$100,000 thousand.
June 1981	Increased the capital in cash to NT$140,000 thousand.
January 1984	Increased the capital in cash to NT$200,000 thousand.
January 1988	Conducted capitalization of capital surplus to increase the capital to NT$220,000 thousand.
May 1989	Conducted capitalization of earnings to increase the capital to NT$280,000 thousand.
August 1989	Increased the capital in cash to NT$400,000 thousand and publicly offered shares.
September 1990	Conducted capitalization of capital surplus and earnings to increase the capital to NT$510,000 thousand.
July 1991	Conducted capitalization of earnings to increase the capital to NT$586,500 thousand.
July 1992	Conducted capitalization of earnings to increase the capital to NT$689,138 thousand.
August 1992	The Company's stock was publicly listed on TWSE for trading as a category 1 stock.
July 1993	Established a container repair workshop in Kaohsiung.
July 1993	Approved by the Investment Commission to invest in the establishment of Shanghai Baowei Shipping Container Manufacturing Plant in mainland China.
September 1993	Conducted capitalization of capital surplus and earnings to increase the capital to NT$800,000 thousand.
July 1994	Conducted capitalization of capital surplus and earnings to increase the capital to NT$879,868 thousand.
July 1995	Conducted capitalization of capital surplus and earnings to increase the capital to NT$906,264 thousand.
July 1995	The Zhongli Plant passed the ISO-9002 quality certification as a qualified plant.
November 1996	Increased the capital in cash to NT$1,100,000 thousand.
March 1997	Invested in the establishment of Huanwei International Finance Co., Ltd.
November 1998	Increased the capital in cash to NT$1,400,000 thousand.
July 1999	Established an Electronics Division and put it into formal operation.

August 1999	Conducted capitalization of earnings and capital to increase the capital to NT$1,512,000 thousand.
December 2000	Terminated the Zhongli Plant’s shipping container production line (retained the shipping container repair business at the Kaohsiung Plant), developed the electronic technology business, and carried out business transformation.
August 2001	Passed ISO-14000 environmental certification.
May 2002	The Company's subsidiary, TAG, disposed of the equity of Shanghai Baowei Shipping Container Manufacturing Plant it held, and the Company officially terminated the container sales business.
April 2003	Adjusted the business model to gradually outsource from the manufacturing business and expand our global distribution sales.
December 2004	Passed ISO-14001 environmental certification.
January 2005	Disposed of part of the Zhongli Plant’s land in the Zhong-Gong section and completed the ownership transfer registration.
March 2005	Reduced the capital to NT$884,000 thousand.
July 2005	Terminated the shipping container repair business in Kaohsiung.
August 2006	Reduced the capital to NT$460,874 thousand.
September 2012	Approved by the Investment Commission to invest in the establishment of AG Neovo Technology (Shanghai) Corporation in mainland China.
October 2012	Disposed of the Zhongli Plant’s remaining land in the Zhong-Gong section and completed the ownership transfer registration.
January 2013	Purchased an office building in Nangang.
September 2013	Conducted capitalization of earnings and employee dividends to increase the capital to NT$499,720 thousand.
September 2014	Established a biomedical division and gradually put it into operation; conducted capitalization of earnings to increase the capital to NT$524,706 thousand.
November 2014	Invested in Taiwan Biophotonic Corporation, a technology transfer company established by Industrial Technology Research Institute, to strategically cooperate in the biomedical business.
May 2015	Invested in IRONYUN INCORPORATED, a technology transfer company established by the Industrial Technology Research Institute. The company focuses on providing high-precision smart image analysis solutions.
December 2018	The Dental Division of the Biomedical Business successfully passed the ISO13485 "medical equipment quality management system" certification and entered the field of telemedicine.
December 2019	The Display Business Department is developing towards conference machines, electronic digital signage boards, and total solutions.
April 2022	Acquired de facto control of Taiwan Biophotonic Corporation and included it as a subsidiary in the consolidated financial statements.

Three. Corporate Governance Report

I. Organization

(I) Organizational structure of Associated Industries China, Inc.



(II) Main business by each major department

Department	Main Businesses
President	Set the Company's business development direction and operational goals Supervise the Company's strategic plans and major business decisions Integrate Company products and services to develop a competitive business model
New Venture Center	Analyze industry trends as well as evaluate opportunities for new ventures Comprehensively manage various investment-related matters
Management Service Center	Plan and carry out various finance, accounting, and taxation tasks Manage funds, investments, and shareholder service Plan and implement human resources policies and various approaches Establish and manage an information system and safeguard information security Manage administrative affairs
Sales Service Center	Develop markets and promote business Maintain customer relationship Provide customer service and coordinate, communicate, and address customers’ relevant issues Establish marketing channels
Marketing Center Product Strategy Center	Establish an excellent image of the Company's brand and service Plan and promote brand and product strategies Analyze market trends and plan marketing channel strategies Plan and implement global marketing campaign strategies Plan and implement solution promotion strategies Set a new direction for product development
Project Management Center Technical Support Center	Evaluate new technology development and application Formulate engineering specifications, control costs, design and verify products, and put products into mass production Manage safety certification and R&D technical documents Provide pre-sales and after-sales technical support Formulate quality standards, manage suppliers, as well as audit and improve quality Source products and arrange for transportation and warehousing Provide after-sales service and perform data statistics and analysis
Audit Office	Check if the internal control system continues to operate effectively Evaluate the soundness and effectiveness of the internal control system and the correctness of financial and accounting information and audit each department’s operations and procedures to see if they are in compliance with the regulations

II. Information on directors, the President, Vice Presidents, Assistant Vice President, and the heads of various departments and branches:

(I) Information on directors

May 31, 2024

Title	Nationality or place of registration	Name	Gender Age	Election/appointment date	Term of office	Date first elected or appointed	Shareholding when elected		Number of shares currently held		Current shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at the Company or other companies	Spouse or relatives within second degree of kinship who are other managers, directors, or supervisors of the Company			Remark (Note 1)
							Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding			Title	Name	Relationship	
Chairman	R.O.C.	Hua-Chung Pi	Male 61-70 years old	2021/07/21	Three years	2004/02/10	3,451,541	6.25%	3,502,541	6.34%	0	0%	0	0%	National Chiao Tung University Executive Master of Business Administration	Chairman, AG Neovo Chairman, tBPC Supervisor, Huasyn Biomedical Co., Ltd.	None	None	None	None
Director	R.O.C.	ShiueDing Investment Consultant Co., Ltd.	-	2021/07/21		2021/07/21	2,000	0.00%	2,000	0.00%	0	0%	0	0%	None	None	None	None	None	None
	R.O.C.	Representative: Yun Yu	Male 71 years old or above	2021/07/21	Three years	1998/06/29	819,137	1.48%	1,465,356	2.65%	77	0%	0	0%	National Cheng Kung University Department of Mechanical Engineering	Director of AG Neovo Director of Taiwan Biophotonic Corporation	None	None	None	None
Director	R.O.C.	ShiueDing Investment Consultant Co., Ltd.	-	2021/07/21		2021/07/21	2,000	0.00%	2,000	0.00%	0	0%	0	0%	None	None	None	None	None	None
	R.O.C.	Representative: Hsin-Yuan Chao	Female 51-60 years old	2021/07/21	Three years	2013/06/18	517,757	0.94%	1,022,757	1.85%	0	0%	2,000	0%	Texas Tech University Master of Accounting	Director/President, AG Neovo Director/President, tBPC Chairman, ShiueDing Investment Consultant Co., Ltd.	None	None	None	None
Director	R.O.C.	Hung-Chun Yu	Male 41-50 years old	2021/07/21	Three years	2018/06/13	0	0%	400,000	0.72%	0	0%	0	0%	The University of Queensland, Australia Business School	Director of AG Neovo General Manager of AG Neovo Technology B.V.	None	None	None	None
Independent Director	R.O.C.	Yang, Chyan	Male 71 years old or above	2021/07/21	Three years	2018/06/13	0	0%	0	0%	0	0%	0	0%	PhD in Computer Science, University of Washington	Independent Director of AG Neovo Independent Director of Acter Group Corporation Limited Independent Director of Aspeed Technology Inc. Independent Director of Nextchip Co., Ltd. Director, Chia Chang Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Sha-Wei Chang	Female 51-60 years old	2021/07/21	Three years	2018/06/13	0	0%	0	0%	0	0%	0	0%	National Taiwan University Department of Accounting	Independent Director of AG Neovo CPA, Mingjia Accounting Firm Independent Director of Iron Force Industrial Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Kuo-Hua Chen	Male 41-50 years old	2021/07/21	Three years	2021/07/21	0	0%	0	0%	0	0%	0	0%	Master of Laws (LL.M.), Boston University	Independent Director of AG Neovo Attorney-in-charge, C & A Law Firm Independent Director, SunMax Biotechnology Co. Ltd. Independent Director of Hotel Royal Chihpen Group Director, United Medical Foundation Taiwan Director, Chia Nan University of Pharmacy and Science Director, Chia Yi Investment Co., Ltd.	None	None	None	None

Note 1: Where the Chairman and the President or person in an equivalent position (top-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and countermeasures shall be disclosed: N/A.

(II) Major shareholders of institutional shareholders

April 22, 2024

Names of institutional shareholders	Principal shareholders of institutional shareholders
Investment account of Tri-Tech Holding Inc in custody of CTBC Bank Co., Ltd.	INTERNET PLANNER LTD. (100%)
ShiueDing Investment Consultant Co., Ltd.	Hsin-Yuan Chao (100%)

(III) Disclosure of information on directors' professional qualifications and the independence of independent directors:

May 31, 2024

Criteria / Name	Professional qualifications and experience	Independence (Note 1)	Number of other public companies where the individual serves as an independent director concurrently
Hua-Chung Pi	1. Chairman of AG Neovo 2. Supervisor of Huasyn Biomedical Co., Ltd. 3. Chairman of Taiwan Biophotonic Corporation 4. Has experience in the computer and peripheral equipment industries. 5. Is not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	(4), (5), (6), (7), (8), (9), (10), and (11)	0
Representative of ShiueDing Investment Consultant Co., Ltd.: Yun Yu	1. Director of AG Neovo 2. Director of Taiwan Biophotonic Corporation 3. Has experience in the computer and peripheral equipment industries. 4. Is not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	(4), (5), (6), (7), (8), (9), (10), and (11)	0

Criteria / Name	Professional qualifications and experience	Independence (Note 1)	Number of other public companies where the individual serves as an independent director concurrently
Representative of ShiueDing Investment Consultant Co., Ltd.: Hsin-Yuan Chao	1. General Manager of AG Neovo 2. Director/President of tBPC 3. Chairman of ShiueDing Investment Consultant Co., Ltd. 4. Has experience in the computer and peripheral equipment industries. 5. Is not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	(4), (5), (6), (7), (8), (9), (10), and (11)	0
Hung-Chun Yu	1. General Manager of AG Neovo Technology B.V. 2. Has experience in the computer and peripheral equipment industries. 3. Is not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	(3), (4), (5), (6), (7), (8), (9), (10), and (11)	0
Yang, Chyan	1. Professor and Director, Institute of Business and Management, National Chiao Tung University 2. Is a college lecturer in business and has a professional business background and practical experience. 3. Is not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), and (11)	3
Sha-Wei Chang	1. CPA, Mingjia Accounting Firm 2. Senior auditor, KPMG 3. Possess a CPA license, a professional accounting background, and practical experience. 4. Is not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), and (11)	1

Criteria / Name	Professional qualifications and experience	Independence (Note 1)	Number of other public companies where the individual serves as an independent director concurrently
Kuo-Hua Chen	1. Attorney-in-charge, C & A Law Firm 2. Partner of Chien Yeh Law Offices 3. Arbitrator of Chinese Arbitration Association, Taipei 4. Patent Attorney of R.O.C. 5. Possess an attorney license, a professional legal background, and practical experience. 6. Is not under any of the circumstances under the subparagraphs of Article 30 of the Company Act.	(1), (2), (3), (4), (5), (6), (7), (8), (9), (10), and (11)	2

Note 1: Any director under any of the circumstances below during the two years before being elected and during the term of office shall be disclosed in the table above:

(1) Not an employee of the Company or its affiliate.

(2) Not a director or a supervisor of the Company or its affiliates (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary, or a subsidiary under the same parent company according to the Act or local laws and regulations).

(3) Not a director, spouse, minor child, or other natural person shareholders who hold more than 1% of the Company's total issued shares by nominee arrangement or with top ten ownership.

(4) Not the manager listed in (1) or the spouse, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship of the person listed in (2) and (3).

(5) Not a director, supervisor, or employee of an institutional shareholder who directly holds more than 5% of the Company's total issued shares, who are among the top five shareholders, or who designate its representative to serve as a director or supervisor of the Company according to Article 27, paragraph 1 or 2 of the Company Act (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company according to the Act or local laws and regulations).

(6) Not a director, supervisor, or employee of another company where a majority of the Company's director seats or voting shares and those of another company are controlled by the same person (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company according to the Act or local laws and regulations).

(7) Not a director (managing director), supervisor, or employee of another company or institution where the Chairman, the President, or person holding an equivalent position at the Company and a person in an equivalent position at another company or institution are the same person or are spouses (except for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company according to the Act or local laws and regulations).

(8) Not a director (managing director), supervisor, manager, or shareholder holding 5% or more of the shares of a specific company or institution which has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% and no more than 50% of the total issued shares of the Company and for an independent director engaged concurrently by the Company, its parent company, and its subsidiary or a subsidiary under the same parent company according to the Act or local laws and regulations).

(9) Not a professional individual who, or an owner, partner, director (managing 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 two years has received cumulative compensation exceeding NT$500,000, or a spouse thereof. provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Security and Exchanges Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.

(10) Not a spouse or relative within any other director's second degree of kinship.

(11) Not the government, juridical person, or representative thereof elected as per Article 27 of the Companies Act.

(IV) Board diversity and independence:

1. Board diversity

The Company has formulated the "Corporate Governance Best Practice Principles" to require that the composition of the Board of Directors shall be based on the diversity principle. The number of directors as the Company's managers concurrently shall not exceed one-third of all directors. We have formulated an appropriate diversity policy based on its operation, operating model, and development needs, including but not limited to the two criteria below:

I.Basic criteria and values: Gender, age, nationality, and culture. Particularly, female directors should account for one-third of all directors.

II.Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

We should focus on gender equality on the board, and board members should possess the knowledge, skills, and qualities needed to perform their duties. To achieve the Company's ideal goals of corporate governance, the Board of Directors as a whole should possess the capabilities and skills below:

I. Business judgment.
II. Accounting and financial analysis.
III. Business management.
IV. Crisis management.
V. Industry knowledge.
VI. International market perspective.
VII. Leadership.
VIII. Decision-making.

The implementation of the diversity policy is as follows:

All the Company's directors have expertise in different fields, which are of great help to our development and operations. The current term of the Board of Directors consists of seven directors with a term of three years. At present, female directors account for 29% of all directors (one of whom is an independent director), which has reached the target set by the Company, while male directors account for 71%. No director is a spouse or relative within the second degree of kinship of another. The term of office of one independent director is fewer than three years, while the other are three to six years.

Management objectives	Achieved or not
Adequately diverse professional knowledge and skills and professional backgrounds	Achieved
Female directors account for 14% or more of all directors	Achieved
No more than two directors are spouses or relatives within the second degree of kinship of other directors.	Achieved
The term of independent directors is advised not to exceed three consecutive terms.	Achieved

Diversity of individual directors (basic criteria and values, professional backgrounds, as well as professional knowledge and skills):

Core diversity element / Name of director	Basic criteria and values				Professional background	Professional knowledge and skills							
	Gender	Age	Nationality	Term of independent director	Serving as an employee concurrently		Business judgment	Accounting and finance	Business management	Crisis management	Industry knowledge	International market perspective	Leadership	Decision-making
Hua-Chung Pi	Male	61-70 years old	R.O.C.		V	Business administration	V		V	V	V	V	V	V
Yu Yun	Male	71 years old or above	R.O.C.			Mechanical engineering	V		V	V	V	V	V	V
Hsin-Yuan Chao	Female	51-60 years old	R.O.C.		V	Accounting and finance	V	V	V	V	V	V	V	V
Hung-Chun Yu	Male	41-50 years old	R.O.C.		V	Business studies	V		V	V	V	V	V	V
Yang Chien	Male	71 years old or above	R.O.C.	3–6 years		Computer science	V		V	V	V	V	V	V
Sha-Wei Chang	Female	51-60 years old	R.O.C.	3–6 years		Accounting and finance	V	V	V	V		V		V
Kuo-Hua Chen	Male	41-50 years old	R.O.C.	less than 3 years		Law	V		V	V		V		V

2. Independence of the Board of Directors

The Company has a total of seven directors on the board, of whom three are independent directors (43%), and we checked their qualifications and statements they issued at the time of an election. No director is a spouse or relative within the second degree of kinship of any other director (as specified in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act). Our directors are highly disciplined. They should recuse themselves from the discussion and voting on proposals on the agenda, in which their personal interest or the interest of the juridical persons they represent are involved and may cause damage to the Company's interest, at board of meetings. They may also not exercise their voting rights on behalf of other directors (please refer to director's recusal from proposals in the annual report).

(V) Information on directors, the President, Vice Presidents, Assistant Vice President, and the heads of various departments and branches

May 31, 2024

Title	Nationality	Name	Gender	Date elected	Shareholdings		Shareholding of spouse or minor children		Shareholding by nominee arrangement		Major education and experience	Concurrent positions at other companies	Spouse or relative within second degree of kinship who are managers of the Company			Remark (Note 1)
					Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding						
President	R.O.C.	Hsin-Yuan Chao	Female	2009/07/10	1,022,757	1.85%	0	0%	2,000	0%	Master of Accounting, Texas Tech University	Director of Taiwan Biophotonic Corporation Chairman of ShiueDing Investment Consultant Co., Ltd.	None	None	None	None
Assistant Vice President	R.O.C.	Chu, Pao-Jung	Male	2017/05/16	150,102	0.27%	0	0%	0	0%	Department of Electronic Engineering, Vanung University	None	None	None	None	None
Assistant Vice President	R.O.C.	Lin, Han-Lin	Male	2017/05/16	249,102	0.45%	0	0%	0	0%	Department of Electronic Engineering, China University of Science and Technology	None	None	None	None	None
Assistant Vice President	R.O.C.	Shih, Ju-Ling	Female	2022/03/31	285,102	0.52%	26,000	0.05%	0	0%	Department of Business Management, National Taipei University of Technology	None	None	None	None	None
Assistant Vice President	R.O.C.	Chen Chia-Hsin	Male	2022/03/31	200,000	0.36%	0	0%	0	0%	Executive Master of Business Administration, National Chiao Tung University	None	None	None	None	None
Vice General Manager (Note 2) Chief Financial Officer Chief Accounting Officer Corporate Governance Officer	R.O.C.	Wan-Wei Lu	Female	2009/07/10	311,654	0.56%	0	0%	0	0%	Department of Accounting, Fu Jen Catholic University	None	None	None	None	None

Note 1: Where the Chairman and the President or person in an equivalent position (top-level manager) are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and countermeasures shall be disclosed: N/A.

Note 2: On March 11, 2024, the Board of Directors approved the promotion of Wan-Wei Lu to Vice General Manager.

III. Remuneration paid to directors (including independent directors), supervisors, the President, and Vice Presidents in the most recent year

(I) Remuneration to general directors and independent directors (individuals' names and remuneration are disclosed)

December 31, 2023; Unit: NTD Thousand

Job title	Name	Remuneration to directors								Sum of A, B, C, and D and the sum as a % of the net income after tax (Note 10)		Remuneration received for serving as an employee concurrently								Sum of A, B, C, D, E, F, and G and the sum as a % of the net income after tax (Note 10)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 11)
		Remuneration (A) (Note 2)		Severance and pension (B)		Remuneration to directors (C) (Note 3)		Business allowance (D) (Note 4)				Remuneration, bonus, and allowance (E) (Note 5)		Severance and pension		Remuneration to employees (G) (Note 6)						
																The Company		All companies in the financial statements (Note 7)				
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial statements (Note 7)	
Chairman	Hua-Chung Pi	0	0	0	0	0	0	40	40	40 -0.13%	40 -0.13%	3,696	3,696	0	0	0	0	0	0	3,736 -12.53%	3,736 -12.53%	None
Director	Representative of ShiueDing Investment Consultant Co., Ltd.: Yun Yu	120	120	0	0	0	0	40	40	160 -0.54%	160 -0.54%	0	0	0	0	0	0	0	0	160 -0.54%	160 -0.54%	None
Director	Representative of ShiueDing Investment Consultant Co., Ltd.: Hsin-Yuan Chao	0	0	0	0	0	0	40	40	40 -0.13%	40 -0.13%	3,042	3,042	144	144	0	0	0	0	3,226 -10.82%	3,226 -10.82%	None
Director	Hung-Chun Yu	0	0	0	0	0	0	40	40	40 -0.13%	40 -0.13%	0	7,247	0	452	0	0	0	0	40 -0.13%	7,739 -25.95%	None
Independent Director	Yang, Chyan	360	360	0	0	0	0	96	96	456 -1.53%	456 -1.53%	0	0	0	0	0	0	0	0	456 -1.53%	456 -1.53%	None
Independent Director	Kuo-Hua Chen	360	360	0	0	0	0	88	88	448 -1.50%	448 -1.50%	0	0	0	0	0	0	0	0	448 -1.50%	448 -1.50%	None
Independent Director	Sha-Wei Chang	360	360	0	0	0	0	96	96	456 -1.53%	456 -1.53%	0	0	0	0	0	0	0	0	456 -1.53%	456 -1.53%	None

1. Please specify the policy, system, standard, and structure of remuneration to directors, and the association between the amount of remuneration and the responsibilities and risks assumed, time spent, and other factors:
The Company's independent directors are all members of the Audit Committee and the Remuneration Committee. They are entitled to a fixed amount of director remuneration according to their level of participation in the operation of the Company and the value of their contributions and with reference to the standards of the industry.
Independent directors are paid a fixed amount of business execution fee for each meeting, and they do not participate in the distribution of the Company's earnings.
The Company considers the global economy, international financial environment and changes in the industrial economy, and estimates the Company's future operational development, profitability, and operational risks, to review the remuneration system to independent directors in a timely manner.

2. Except as disclosed in the above table, the remuneration received by the Company's directors for providing services to all companies in the financial statements (such as serving as a consultant in a non-employee capacity) in the most recent year: None.

Remuneration range table

Ranges of remuneration paid to each director of the Company	Name of director			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company (Note 8)	All companies in the financial statements (Note 9) H	The Company (Note 8)	All companies in the financial statements (Note 9) I
Below NT$1,000,000	Yu Yun; Pi Hua-Chung; Chao Hsin-Yuan; Yu Hung-Chun; Yang Chien; Chen Kuo-Hua; Chang Sha-Wei	Yu Yun; Pi Hua-Chung; Chao Hsin-Yuan; Yu Hung-Chun; Yang Chien; Chen Kuo-Hua; Chang Sha-Wei	Yu Yun; Yu Hung-Chun; Yang Chien; Chen Kuo-Hua; Chang Sha-Wei	Yu Yun; Yang Chien; Chen Kuo-Hua; Chang Sha-Wei
NT$1,000,000 (inclusive)–NT$2,000,000 (exclusive)	None	None	None	None
NT$2,000,000 (inclusive)–NT$3,500,000 (exclusive)	None	None	Hsin-Yuan Chao	Hsin-Yuan Chao
NT$3,500,000 (inclusive)–NT$5,000,000 (exclusive)	None	None	Hua-Chung Pi	Hua-Chung Pi
NT$5,000,000 (inclusive)–NT$10,000,000 (exclusive)	None	None	None	Hung-Chun Yu
NT$10,000,000 (inclusive)–NT$15,000,000 (exclusive)	None	None	None	None
NT$15,000,000 (inclusive)–NT$30,000,000 (exclusive)	None	None	None	None
NT$30,000,000 (inclusive)–NT$50,000,000 (exclusive)	None	None	None	None
NT$50,000,000 (inclusive)–NT$100,000,000 (exclusive)	None	None	None	None
NT$100,000,000 or more	None	None	None	None
Total	7	7	7	7

Note 1: The names of directors shall be listed separately (the names of institutional shareholders and their representatives shall be listed separately), and general directors and independent directors shall be listed separately, with various payment amounts disclosed in an aggregate manner. If a director concurrently serving as the President or the Vice President shall be entered in this table or table (3-1), or tables (3-2-1) and (3-2-2) below.

Note 2: Refers to the directors' remuneration in the most recent year (including director salary, executive differential pay, severance pay, various bonuses, and incentives).

Note 3: Refers to the amount of directors' remuneration approved by the resolution of the Board of Directors in the most recent year.

Note 4: Refers to the relevant business execution expenses of the directors in the most recent year (including honoraria, special allowance, various allowances, dormitory rooms, and company cars). When houses, cars, and other means of transportation or exclusive personal expenses are provided, the nature and costs of the assets provided and the actual cost or fair market value of rents, fuels, and other payments shall be disclosed. In addition, when a chauffeur is provided, please indicate the relevant payments made by the Company to the chauffeur, but such payments are not included in the remuneration.

Note 5: Refers to the salary, executive differential pay, severance pay, various bonuses, incentives, honoraria, special allowance, various allowances, dormitory rooms, and company cars received by directors who serve as employees concurrently (including the President, Vice Presidents, other managers, and employees). When houses, cars, and other means of transportation or exclusive personal expenses are provided, the nature and costs of the assets provided and the actual cost or fair market value of rents, fuels, and other payments shall be disclosed. In addition, when a chauffeur is provided, please indicate the relevant payments made by the Company to the chauffeur, but such payments are not included in the remuneration. Salary and wages recognized in accordance with IFRS 2 "Share-based Payments", including employee stock warrants and restricted stock awards acquired and shares for capital increased subscribed for, shall also be included in the remuneration.

Note 6: Refers to directors who have received employee remuneration (including stock and cash) in the most recent year for serving as employees concurrently (including the President, Vice Presidents, other managers, and employees). The amount of employee remuneration approved by the Board of Directors in the most recent year shall be disclosed. If it is impossible to estimate the amount, the percentage adopted for the amount paid out last year shall be adopted to calculate the proposed amount for this year, while table 1-3 shall be filled out additionally.

Note 7: The total amount of remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 8: The names of the directors shall be disclosed in the applicable ranges based on the total amount of remuneration paid by the Company to each director.

Note 9: The total amount of remuneration paid to each director of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed, with the name of each director disclosed in their applicable range.

Note 10: Net profit after tax refers to the net loss after tax Parent Company Only Financial Report for the most recent year.

Note 11: a. This column shall clearly indicate the amount of remuneration received by the directors of the Company from investees other than subsidiaries or from the parent company (if there is none, please fill in "None").

b. If a director of the Company receives remuneration from investees other than subsidiaries or from the parent company, the remuneration received by the director from investees other than subsidiaries or from the parent company shall be included in column I of the remuneration range table with said column renamed "Parent company and all investees".

c. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the directors of the Company for serving as directors, supervisors, or managers of investees other than subsidiaries or the parent company.

*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so this table is for disclosure purposes rather than for taxation purposes.

(II) Remuneration to the President manager and Vice Presidents (individuals' names and remuneration are disclosed)

December 31, 2023; unit: NTD thousand

Job title	Name	Salary (A) (Note 2)		Severance and pension (B)		Bonus and allowance (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C, and D and the sum as a % of the net income after tax (Note 8)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Hsin-Yuan Chao	3,042	3,042	144	144	0	0	0	0	0	0	3,186 -10.68%	3,186 -10.68%	None

*Those whose positions are equivalent to the President or the Vice President (such the president, chief executive officer, or director) shall be disclosed regardless of the title.

Remuneration range table

Ranges of remuneration to the President manager and Vice Presidents of the Company	Names of the President and Vice Presidents	
	The Company (Note 6)	All companies in the financial statements (Note 7) E
Below NT$1,000,000	None	None
NT$1,000,000 (inclusive)–NT$2,000,000 (exclusive)	None	None
NT$2,000,000 (inclusive)–NT$3,500,000 (exclusive)	Hsin-Yuan Chao	Hsin-Yuan Chao
NT$3,500,000 (inclusive)–NT$5,000,000 (exclusive)	None	None
NT$5,000,000 (inclusive)–NT$10,000,000 (exclusive)	None	None
NT$10,000,000 (inclusive)–NT$15,000,000 (exclusive)	None	None
NT$15,000,000 (inclusive)–NT$30,000,000 (exclusive)	None	None
NT$30,000,000 (inclusive)–NT$50,000,000 (exclusive)	None	None
NT$50,000,000 (inclusive)–NT$100,000,000 (exclusive)	None	None
NT$100,000,000 or more	None	None
Total	1	1

Note 1: The names of the President and Vice Presidents shall be listed separately, with the amounts of various payments disclosed in an aggregate manner. If a director concurrently serving as the President or the Vice President shall be entered in this table and table (1-1) above, or tables (1-2-1) and (1-2-2).

Note 2: Refers to the President's and Vice Presidents' salary, executive differential pay, and severance pay.

Note 3: Refers to the President's and Vice Presidents' various bonuses, incentives, honoraria, special allowance, various allowances, dormitory rooms, company cars, and other remuneration in the most recent year. When houses, cars, and other means of transportation or exclusive personal expenses are provided, the nature and costs of the assets provided and the actual cost or fair market value of rents, fuels, and other payments shall be disclosed. In addition, when a chauffeur is provided, please indicate the relevant payments made by the Company to the chauffeur, but such payments are not included in the remuneration. Salary and wages recognized in accordance with IFRS 2 “Share-based Payments”, including employee stock warrants and restricted stock awards acquired and shares for capital increased subscribed for, shall also be included in the remuneration.

Note 4: Refers to the amount of employee remuneration (including stock and cash) paid out by the Board of Directors to the President and Vice Presidents in the most recent year. If it is impossible to estimate the amount, the percentage adopted for the amount paid out last year shall be adopted to calculate the proposed amount for this year, while table 1-3 shall be filled out additionally.

Note 5: The total amount of remuneration paid to the President and Vice Presidents of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: The names of the President and Vice Presidents shall be disclosed in the applicable ranges based on the total amount of remuneration paid by the Company to each President and Vice President.

Note 7: The total amount of remuneration paid to each President and Vice President of the Company by all companies (including the Company) in the consolidated financial statements shall be disclosed, with the name of each President and Vice President disclosed in their applicable range.

Note 8: Net income after tax refers to the net income after tax of the standalone or individual financial statement for the most recent year.

Note 9: a. This column shall clearly indicate the amount of remuneration received by the President and Vice Presidents of the Company from investees other than subsidiaries or from the parent company (if there is none, please fill in "None").

b. If the President or a Vice President of the Company receives remuneration from investees other than subsidiaries or from the parent company, the remuneration received by the President or the Vice President from investees other than subsidiaries or from the parent company shall be included in column E of the remuneration range table with said column renamed "Parent company and all investees”.

c. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the President or a Vice President of the Company for serving as directors, supervisors, or managers of investees other than subsidiaries or the parent company.

*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so this table is for disclosure purposes rather than for taxation purposes.

(III) The top 5 managers' remuneration (individuals' names and remuneration are disclosed) (Note 1)

December 31, 2023; unit: NTD thousand

Job title	Name	Salary (A) (Note 2)		Severance and pension (B)		Bonus and allowance (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C, and D and the sum as a % of the net income after tax (Note 6)		Remuneration received from the invested companies other than the subsidiaries and the parent company (Note 7)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
The Chairman who is concurrently serving as the Chief	Hua-Chung Pi	3,736	3,736	0	0	0	0	0	0	0	0	3,736 -12.53%	3,736 -12.53%	None
President	Hsin-Yuan Chao	3,082	3,082	144	144	0	0	0	0	0	0	3,226 -10.82%	3,226 -10.82%	None
Assistant Vice President	Lin, Han-Lin	1,586	1,586	121	121	0	0	0	0	0	0	1,707 -5.72%	1,707 -5.72%	None
Assistant Vice President	Shih, Ju-Ling	1,426	1,426	106	106	0	0	0	0	0	0	1,532 -5.14%	1,532 -5.14%	None
Assistant Vice President	Wan-Wei Lu	1, 367	1, 367	106	106	0	0	0	0	0	0	1, 473 −4. 94%	1, 473 −4. 94%	None

Note 1: The term "top five managers' remuneration" refers to the Company's managers. The criteria for the identification of managers shall be handled in accordance with the definition of "managers" specified in the letter by the Securities and Futures Commission, Ministry of Finance, Tai-Cai-Zheng-III No. 0920001301 dated March 27, 2003. The principle for determining the top five managers' remuneration is based on the salaries, severance and pension, bonuses, and special allowances received by the Company's managers from all companies in the consolidated financial report, as well as the sum of employee remuneration (that is, A +B+C+D) and their remuneration is sorted to have the top five managers' remuneration. If a director concurrently serves as said manager, this form and the above form (1-1) shall be filled out.

Note 2: Refer to the top five managers' salary, executive differential pay, and severance pay in the most recent year.

Note 3: Refers to the top five managers' various bonuses, incentives, honoraria, special allowance, various allowances, dormitory rooms, company cars, and other remuneration in the most recent year. When houses, cars, and other means of transportation or exclusive personal expenses are provided, the nature and costs of the assets provided and the actual cost or fair market value of rents, fuels, and other payments shall be disclosed. In addition, when a chauffeur is provided, please indicate the relevant payments made by the Company to the chauffeur, but such payments are not included in the remuneration. Salary and wages recognized in accordance with IFRS 2 "Share-based Payments", including employee stock warrants and restricted stock awards acquired and shares for capital increased subscribed for, shall also be included in the remuneration.

Note 4: Refers to the amount of employee remuneration (including stock and cash) paid out by the Board of Directors to the top five managers in the most recent year. If it is impossible to estimate the amount, the percentage adopted for the amount paid out last year shall be adopted to calculate the proposed amount for this year, while table 1-3 shall be filled out additionally.

Note 5: The total amount of remuneration paid to the Company's top five managers by all companies (including the Company) in the consolidated financial statements shall be disclosed.

Note 6: Net income after tax refers to the net income after tax of the standalone or individual financial statement for the most recent year.

Note 7: a. This column shall clearly indicate the amount of remuneration received by the Company's top five managers from investees other than subsidiaries or from the parent company (if there is none, please fill in "None").

b. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the Company's top five managers for serving as directors, supervisors, or managers of investees other than subsidiaries or the parent company.

Note 8: Mr. Hua-Chung Pi took over as the Chief Operating Officer of the New Venture Center on July 21, 2021, and Mr. Yun Yu was dismissed.

*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Act, so this table is for disclosure purposes rather than for taxation purposes.

(IV) Name of the manager who receives employee remuneration and distribution: None.

(V) An analysis of the total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents as a percentage of the net income after tax in the standalone or individual financial report for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks.

● The total remuneration paid to the Company's directors, supervisors, the President, and Vice Presidents by the Company and all companies in the consolidated financial statements amounted to NT$17,274 thousand and NT$16,221 thousand for 2022 and 2023, respectively, which accounted for -126% and -54% of the net income (loss) specified in the standalone financial reports, respectively.

● Remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

1. The policies, standards, and combinations of payment remuneration:

(1)The Company's director remuneration policy is implemented according to the Company's Articles of Incorporation, personnel management regulations, and Article 21 of the Company's Articles of Incorporation. The remuneration for directors to perform their duties is authorized by the board of directors according to their participation in the Company's operations, the value of their contributions, and the industry standards. If a director or director representative is an employee of the Group company and receives employee compensation, no additional payment shall be made. Article 19-1 of the Company's Articles of Incorporation stipulated that no more than 2% of the annual profit shall be allocated for directors' remuneration, and independent directors shall not participate in the surplus distribution. The Company regularly reviews the director performance evaluation and remuneration policies, systems, standards, and structures according to the Remuneration Committee's organizational regulations and the Rules of the Performance Evaluation of the Board of Directors. The goal is to enable the Remuneration Committee and the Board of Directors to properly evaluate the directors' remuneration.

(2)The remuneration of the Company's managers is based on the Company's Articles of Incorporation, the personnel management regulations, and according to Article 19-1 of the Company's Articles of Incorporation, which stipulated that the Company shall allocate no less than 10% of the employee's remuneration according to the profit status of the year. The remuneration to the Company's President and Vice Presidents shall be approved according to the salary and remuneration policy and giving reference to their contribution to the Company. The remuneration package includes base salary, executive differential pay, professional allowance, meal allowance, and transportation subsidy. The bonuses are paid out based on the achievement rate of the Company's overall operating performance and the individual performance evaluation results. The Company's remuneration adjustment is regularly revised based on the Company's annual operating results.Work performance appraisal and salary adjustment are implemented once every 6 months.

(3)The composition of the Company's remuneration, including cash remuneration, stock options, dividends, retirement benefits or severance payments, various allowances, and other substantial incentive measures, shall be determined according to the organizational regulations of the Remuneration Committee. The scope comply with the director and manager remuneration referred to in the annual report of the Company.

2. Remuneration establishment procedure:

(1)The remuneration of directors and managers is regularly evaluated according to the Company's Rules of the Performance Evaluation of the Board of Directors, the organizational regulations of the Remuneration Committee, and the Company's salary and compensation policy evaluation results applicable to managers and employees. The managers' salaries are determined by considering Taiwan's human resource market, the peer industry of the same nature, and the Company's salary and welfare policies. After the chairman and the Board of Directors approve it, it is submitted to the Remuneration Committee for review and implementation. The Remuneration Committee and the Board of Directors adjust the directors' remuneration based on the Company's operating conditions and the value of the Directors' participation and contribution to the Company's operations. The Remuneration Committee shall consider the Board of Directors' overall performance, the Company's operating performance, the Company's future operations, and its risk appetite to prepare a distribution proposal to allocate the directors' remuneration. After the Board of Directors resolution and the shareholders meeting report, the distribution shall be made according to the degree of participation and contribution value by individual directors in the Company's operations.

(2) In 2023, the self-evaluation results of the Board of Directors, directors, and members of each functional committee met the standards, and the Board of Directors' report was submitted.

(3)Every year, the Remuneration Committee and the Board of Directors evaluate and review the performance appraisal and remuneration rationality of the Company's directors and managers. Consideration factors include individual performance, company operating performance, and future risks, which conform with the Company's risk appetite. The Remuneration Committee and the Board of Directors have approved the Remuneration Policy review for directors and managers in 2023.

3.Correlation between operating performance and future risks:

(1)The main considerations for the Company's remuneration policy, payment standard, and system review are based on the Company's overall operating status, and the remuneration standard is approved based on the performance achievement rate and contribution. The goal is to improve the overall organizational team performance of the Board of Directors and management departments. We also refer to the industry salary standard to ensure the Company's management salary is competitive and can retain excellent management talents.

(2)The performance goals of the Company's directors and managers are combined with "risk control" to ensure that potential risks within the scope of duties can be managed and prevented. The ratings are given based on actual performance outcomes linked to all relevant human resources and salary remuneration policies. The important decisions of the Company's management level are made after considering various risk factors on an equal basis. The performance of relevant decisions is reflected in the Company's profit status, and the management level’s remuneration is related to the risk control performance.

(3)The remuneration paid by the Company to the managers includes long-term rewards in the form of new shares with restricted employee rights, instead of payment in full based on the earnings of the current year. The actual value is related to the future stock price, that is, future operating risks are shared with the Company.

IV. Implementation of corporate governance

(I) Information on the operations of the Board of Directors:

The Board of Directors held five [A] meetings during the most recent year (2023), and directors' attendance is as follows:

Job title	Name	Attendance in person [B]	Attendance by proxy	Attendance (%) [B/A] (Note 2)	Remarks
Chairman	Hua-Chung Pi	5	0	100%	
Corporate director Representative	Representative of ShiueDing Investment Consultant Co., Ltd.: Yu Yun	5	0	100%	
Corporate director Representative	Representative of ShiueDing Investment Consultant Co., Ltd.: Hsin-Yuan Chao	5	0	100%	
Director	Hung-Chun Yu	5	0	100%	
Independent Director	Kuo-Hua Chen	5	0	100%	
Independent Director	Yang, Chyan	5	0	100%	
Independent Director	Sha-Wei Chang	5	0	100%	

Additional information:

I. If the operations of the Board of Directors is under any of the circumstances below, the date of the board meeting, the session, the content of the proposal, all independent directors' opinions, and the Company's response to said opinions shall be specified:

(I) Matters under Article 14-3 of the Securities and Exchange Act:

Date of the board meeting (session)	Content of proposal	All independent directors' opinions and the Company's response to said opinions
1st meeting in 2023 March 15, 2023	Passed the 2022 director and employee remuneration distribution proposal	Passed by all independent directors
	Passed a proposal on the general principles of the Company's pre-approved non-assurance service policy.	Passed by all independent directors
	Passed a proposal to update the 2022 restricted employee stock allotment and set the capital increase issuance base date	Passed by all independent directors
	Passed a proposal regarding the maturity of the secured convertible corporate bonds issued by Taiwan Biophotonic Corporation (Taiwan Biophotonic) on April 11, 2022	Passed by all independent directors
	Passed a proposal for the Company to increase investment in the subsidiary Taiwan Biophotonic.	Passed by all independent directors
2nd meeting in 2023 April 14, 2023	Passed the proposal on measures for the Company to subscribe to the secured convertible corporate bonds issued by Taiwan Biophotonic and convert the bonds into common stocks on the maturity date.	Passed by all independent directors
	Passed a proposal for the Company's President served as the president of the subsidiary Taiwan Biophotonic.	Passed by all independent directors
	Passed a proposal to remove the non-compete clause for the Company's managers	Passed by all independent directors
4th meeting in 2023 August 9, 2023	Approved the establishment of the company's "Regulations on Financial and Business Operations Among Related Parties."	Passed by all independent directors
	Approved the proposal for changes in the Company's internal auditing officer	Passed by all independent directors
	Passed the proposal for the Company's regular assessment of the independence and suitability of the CPAs appointed	Passed by all independent directors
5th meeting in 2023 November 9, 2023	Passed the proposal for review of the 2023 CPA's audit fees	Passed by all independent directors
	Passed a proposal on the general principles of the Company's pre-approved non-assurance service policy.	Passed by all independent directors
	Passed the proposal to implement the capital increase of AG Neovo Technology (Shanghai) Corporation through the subsidiary AG NEOVO INTERNATIONAL LTD.	Passed by all independent directors
	Passed the regular review of the Company's salary and remuneration policy	Passed by all independent directors
	Approved the company's audit plan for the year 2024.	Passed by all independent directors
1st meeting in 2024 March 11, 2024	Passed the 2023 director's remuneration and employee remuneration distribution proposal	Passed by all independent directors
	Approved the lifting of non-compete restrictions for the company's newly appointed directors.	Passed by all independent directors
	Passed the 1st and 2nd repurchase of shares for transfer to employees in 2019	Passed by all independent directors
	Passed the proposal for the next term of directors' remuneration	Passed by all independent directors
	Passed the proposal for changes in CPAs for the financial reports	Passed by all independent directors
	Passed the proposal regarding the application for conversion of the subscribed secured convertible corporate bonds issued by the subsidiary, Taiwan Biophotonic Corporation (Taiwan Biophotonic), in 2023	Passed by all independent directors
	Passed a proposal for the Company to increase investment in the subsidiary Taiwan Biophotonic.	Passed by all independent directors
	Passed the proposal for change in the fair value model for the subsequent evaluation of the investment property	Passed by all independent directors
	Passed the amendments to the "Audit Committee Charter"	Passed by all independent directors
	Passed the proposal to amend the "Rules of the Procedure for Board of Directors Meetings."	Passed by all independent directors

	Approved the assessment of the effectiveness of the internal control system and the issuance of the internal control system statement for the year 2023.	Passed by all independent directors

(II) Except for the above matters, other matters resolved by the Board of Directors with objection or reservation made by any independent directors, with records or a written statement: None.

II. In the event of directors' recusal from proposals, the name of director, the content of proposal, the reasons for recusal, and the participation in voting shall be specified:

1. On March 15, 2023, the board of directors discussed the proposal for the 2022 restricted employee stock allotment and set the capital increase issuance base date. Director Hung-Chun Yu recuse himself as he was an interested party.
2. On March 15, 2023, regarding the proposal to subscribe to the secured convertible corporate bonds issued by Taiwan Biophotonic Corporation (Taiwan Biophotonic) on April 11, 2022 at the board meeting, as directors Hua-Chung Pi, Hsin-Yuan Chao, and Yun Yu were representatives of Taiwan Biophotonic and therefore were stakeholders, they themselves from voting on this proposal.
3. On March 15, 2023, regarding the proposal to increase investment in subsidiary Taiwan Biophotonic Corporation (Taiwan Biophotonic) at the board meeting, as directors Hua-Chung Pi, Hsin-Yuan Chao, and Yun Yu were representatives of Taiwan Biophotonic and therefore were stakeholders, they themselves from voting on this proposal.
4. On April 14, 2023, regarding the proposal on measures for the Company to subscribe for the secured convertible corporate bonds issued by Taiwan Biophotonic, and convert the bonds into common stocks on the maturity date at the board meeting, as directors Hua-Chung Pi, Hsin-Yuan Chao, and Yun Yu were representatives of Taiwan Biophotonic and therefore were stakeholders, they themselves from voting on this proposal.
5. On April 14, 2023, regarding the 2022 proposal for the Company's president to serve as the president of the subsidiary Taiwan Biophotonic at the board meeting, as directors Pi Hua-Chung and Chao Hsin-Yuan had her personal interest involved in this proposal, she was recused from voting on this proposal.
6. On April 14, 2023, regarding the proposal to remove the non-compete clause for new directors at the board meeting, as director Hsin-Yuan Chao had her interest involved in this proposal, she recused herself from voting on this proposal.
7. Regarding the proposal for the 1st and 2nd repurchase of shares for transfer to employees in 2019 at the board meeting on March 11, 2024, as directors and Hsin-Yuan Chao and Hung-Chun Yu had their interests involved in this proposal, they were recused from voting.
8. On March 11, 2024, regarding the proposal to apply for conversion of the subscribed secured convertible corporate bonds issued by the subsidiary, Taiwan Biophotonic Corporation (Taiwan Biophotonic), in 2023 at the board meeting, as directors Hua-Chung Pi, Hsin-Yuan Chao, and Yun Yu were representatives of Taiwan Biophotonic and therefore were stakeholders, they themselves from voting on this proposal.
9. On March 11, 2024, regarding the proposal to increase investment in subsidiary Taiwan Biophotonic Corporation (Taiwan Biophotonic) at the board meeting, as directors Hua-Chung Pi, Hsin-Yuan Chao, and Yun Yu were representatives of Taiwan Biophotonic and therefore were stakeholders, they themselves from voting on this proposal.

III. Information on the cycle, period, scope, method, and content of the Board of Directors' self-evaluation and the implementation of the evaluation:

As per Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Company has formulated the Rules of and Procedures for the Performance Evaluation of the Board of Directors, which was approved by the board meeting on November 6, 2019. We evaluate the performance of the Board of Directors, its functional committees, and individual directors regularly every year. Please refer to the Market Observation Post System (MOPS) or the Company's website for the Rules of the Performance Evaluation of the Board of Directors. The implementation of the 2023 board performance evaluation is as follows:

Cycle	Period	Scope	Method	Content
Once a year	2023/01/01~ 2023/12/31	Board of Directors	Board performance self-evaluation	1. Board performance evaluation: (1) Degree of involvement in the Company's operations. (2) Improvement to the quality of the Board of Directors' decision-making. (3) Composition and structure of the Board of Directors. (4) Election of directors and their continuing education. (5) Internal control.
		Individual board members	Board members' self-evaluation	2. Board members' performance evaluation: (1) Alignment with the Company's goals and mission. (2) Awareness of responsibilities as a director. (3) Degree of involvement in the Company's operations.

				(4) Management and communication of internal relations. (5) Directors' professional and continuing education. (6) Internal control.
		Audit Committee	Audit Committee's self-evaluation	3. Functional committees' performance evaluation: (1) Degree of involvement in the Company's operations. (2) Awareness of responsibilities as a functional committee member. (3) Improvement to the quality of the functional committee's decision-making. (4) Composition and selection of members of the functional committees. (5) Internal control.
		Remuneration Committee	Remuneration Committee's self-evaluation	(1) Degree of involvement in the Company's operations. (2) Awareness of responsibilities as a functional committee member. (3) Improvement to the quality of the functional committee's decision-making. (4) Composition and selection of members of the functional committees. (5) Internal control.

The 2023 board performance evaluation results have been reported to the Board of Directors on March 11, 2024.

As per the 2023 board performance evaluation results, the operations of the Board of Directors are in alignment with the Company's requirements. It can effectively facilitate the Company's sustainable development, fulfilling of our social responsibility, risk management, and long-term strategic development in alignment with the spirit of corporate governance. There were 42 evaluation indicators in the board performance evaluation, and the board reached the standards for all indicators, and the total score of the board performance evaluation was 91 points, exceeding the standard.

Performance evaluation scores are as follows:
A. The board performance self-evaluation score was 46 points (out of 50 points).
B. The board members' performance self-evaluation average score was 45 points (out of 50 points).

The Audit Committee's performance evaluation indicators are divided into five dimensions: A. Degree of involvement in the Company's operations; B. Awareness of responsibilities as an Audit Committee member; C. Improvement to the quality of the Audit Committee's decision-making; D. Composition and selection of members of the Audit Committee. E. Internal control. There are 21 evaluation indicators, and the Audit Committee's performance evaluation results at this time have all met the standards.

The Remuneration Committee's performance evaluation indicators are divided into five dimensions: A. Degree of involvement in the Company's operations; B. Awareness of responsibilities as a Remuneration Committee member; C. Improvement to the quality of the Remuneration Committee's decision-making; D. Composition and selection of members of the Remuneration Committee. E. Internal control. There are 18 evaluation indicators, and the Remuneration Committee's performance evaluation results at this time have all met the standards.

IV. The objectives of reinforcement of the competency of the Board of Directors (such as establishing an audit committee or improving information transparency) in the current year and the most recent year and evaluation of the implementation:

1. We elected three independent directors to form the Audit Committee on June 13, 2018. Please refer to (II) The operations of the Audit Committee in this chapter.
2. Active establishment of stakeholder engagement: The Company has a spokesperson and an acting spokesperson, through which stakeholders can communicate with us. We accept shareholder proposals as per the timeline of the annual shareholders' meeting. Shareholders with the right to make proposals may submit applications to the Company during the acceptance period, and we convene the Board of Directors to review such proposals in accordance with relevant regulations.
3. Improvement to the Board of Directors' operational efficiency and decision-making skills:
   A. The Company has formulated the "Rules of the Procedure for Board of Directors Meetings" to reinforce

the competency of the Board of Directors and facilitate the positive development of the board's participation in the decision-making process.

B. The Company has formulated the “Rules Governing the Scope of Powers of Independent Directors” to reinforce the control mechanism of the Board of Directors.

C. The Company has formulated the “Rules of the Performance Evaluation of the Board of Directors” to implement corporate governance and enhance the functions and operational efficiency of the Company’s Board of Directors.

4. Enhanced professional knowledge: The Company motivates relevant members on the board to participate in various professional courses to continue to acquire new knowledge, thereby maintaining their professional advantages and abilities and raises their awareness of applicable laws to ensure compliance.

Note 1: If a director is a juridical person, the name of the institutional shareholder and its representative shall be disclosed.

Note 2: (1) If a director resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the attendance (%) shall be calculated with the number of board meetings attended by the director divided by the number of board meetings held during their term of office.

(2) Before the end of the year, if there is an election of directors, the new and old directors and supervisors shall be entered, and the old, new, or re-elected status and the election date of each director shall be indicated in the remarks column. The attendance (%) shall be calculated with the number of board meetings attended by a director divided by the number of board meetings held during their term of office.

(II) The operations of the Audit Committee:

The Audit Committee held five [A] meetings during the most recent year (2023), and independent directors' attendance is as follows:

Job title	Name	Attendance in person [B]	Attendance by proxy	Attendance (%) [B/A] (Note1, Note 2)	Remarks
Independent Director	Chang, Sha-Wei	5	0	100%	
Independent Director	Yang, Chyan	5	0	100%	
Independent Director	Chen, Kuo-Hua	4	1	80%	

The Audit Committee's tasks include:

●Reviewed financial reports.
●Established or amended the internal control system.
●Assessed the effectiveness of the internal control system.
●Formulated or amended the Procedures for Asset Acquisition and Disposal, the Procedures for Derivatives Trading, the Procedures for Loans to Others, and the Procedures for Eendorsments/Guarantees to Others.
●Reviewed matters involving directors' interest.
●Reviewed major asset transactions or derivatives trading.
●Reviewed major loans to others or endorsements/guarantees to others.
●Reviewed the offering, issuance, or private placement of equity securities.
●Reviewed the appointment, dismissal, or remuneration of CPAs.

■Reviewed annual financial reports.

The 2023 financial statements have been ratified by the Audit Committee, approved by the Board of Directors by resolution, and audited by Samuel Au and Daisy Kuo, CPAs of KPMG Taiwan, to which they have issued an independent auditor's report. In addition, the Board of Directors submitted the 2023 business report and a statement of deficit compensation, which the Audit Committee reviewed without any inconsistency discovered.

■ Assessed the effectiveness of the internal control system.

The Audit Committee evaluated the policies and procedures for the Company's internal control system and reviewed regular reports from the Audit Department, CPAs, and our management team. The Audit Committee is convinced that the Company's internal control system is effective, and that we have adopted necessary control mechanisms to monitor the system.

Additional information:

I. If the operations of the Audit Committee fall under any of the circumstances below, the date of the Audit Committee meeting, the session, the content of the proposal, any objection, reservation, or major suggestion made by independent directors, the results of resolutions by the Audit Committee, and the Company's response to the committee's opinions shall be specified.

(I) The matters under Article 14-5 of the Securities and Exchange Act.

Date of the Audit Committee meeting (session)	Content of proposal	Objection, reservation, or major suggestion made by independent directors	All Audit Committee members' opinions and the Company's response to said opinions
1st meeting in 2023 March 15, 2023	Passed the Company's 2022 internal control system effectiveness assessment and statement of the internal control system	None	Passed by all Audit Committee members
	Passed a proposal on the general principles of the Company's pre-approved non-assurance service policy.	None	Passed by all Audit Committee members
	Passed a proposal to update the 2022 restricted employee stock allotment and set the capital increase issuance base date	None	Passed by all Audit Committee members
	Passed a proposal regarding the maturity of the secured convertible corporate bonds issued by Taiwan Biophotonic Corporation (Taiwan Biophotonic) on April 11, 2022	None	Passed by all Audit Committee members
	Passed a proposal for the Company to increase investment in the subsidiary Taiwan Biophotonic.	None	Passed by all Audit Committee members
2nd meeting in 2023 April 14, 2023	Passed the proposal on measures for the Company to subscribe to the secured convertible corporate bonds issued by Taiwan Biophotonic and convert the bonds into common stocks on the maturity date.	None	Passed by all Audit Committee members
	Passed a proposal for the Company's President served as the president of the subsidiary Taiwan Biophotonic.	None	Passed by all Audit Committee members
	Passed a proposal to remove the non-compete clause for the Company's managers	None	Passed by all Audit Committee members
4th meeting in 2023 August 9, 2023	Passed the proposal for establishment of the Company's "Regulations Governing Finance and Business Relations between Related Parties"	None	Passed by all Audit Committee members
	Approved the proposal for changes in the Company's internal auditing officer	None	Passed by all Audit Committee members
	Approved the periodic assessment of the independence and suitability of the company's appointed auditors.	None	Passed by all Audit Committee members
5th meeting in 2023 November 9, 2023	Passed the proposal for review of the 2023 CPA's audit fees	None	Passed by all Audit Committee members
	Passed a proposal on the general principles of the Company's pre-approved non-assurance service policy.	None	Passed by all Audit Committee members
	Passed the proposal to implement the capital increase of AG Neovo Technology (Shanghai) Corporation through the subsidiary AG NEOVO INTERNATIONAL LTD.	None	Passed by all Audit Committee members
	Approved the periodic review of the company's compensation policy.	None	Passed by all Audit Committee members
	Passed the Company's 2023 audit plan	None	Passed by all Audit Committee members
1st meeting in 2024 March 11, 2024	Approved the allocation of director remuneration and employee compensation for the year 2023	None	Passed by all Audit Committee members
	Passed the proposal to remove the non-compete clause for new directors	None	Passed by all Audit Committee members
	Passed the 1st and 2nd repurchase of shares for transfer to employees in 2019	None	Passed by all Audit Committee members
	Approved the proposal for the remuneration of the company's directors for the next term.	None	Passed by all Audit Committee members
	Passed the proposal for changes in CPAs for the financial reports	None	Passed by all Audit Committee members
	Passed the proposal regarding the application for conversion of the subscribed secured convertible corporate bonds issued by the subsidiary, Taiwan Biophotonic Corporation (Taiwan Biophotonic), in 2023	None	Passed by all Audit Committee members
	Passed a proposal for the Company to increase investment in the subsidiary Taiwan Biophotonic.	None	Passed by all Audit Committee members
	Passed the proposal for change in the fair value model for the subsequent evaluation of the investment property	None	Passed by all Audit Committee members
	Approved the amendment of the "Audit Committee Organizational Regulations" for the company.	None	Passed by all Audit Committee members
	Approved the amendment of the "Board of Directors Meeting Regulations" for the company.	None	Passed by all Audit Committee members
	Passed the Company's 2023 "internal control system effectiveness assessment" and "statement of the internal control system" proposal	None	Passed by all Audit Committee members

(II) Except for the above matters, matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors: None.

I. Independent directors' recusal from proposals, in which their personal interest is involved: None.

II. Communication between independent directors and the chief internal auditor/CPAs (including material financial and business matters communicated and communication methods and results).

(I) Communication between independent directors and the chief internal auditor:

1. Independent directors review monthly internal audit operations and quarterly audit the follow-up reports.
2. The chief internal auditor attended each Audit Committee meeting and board meeting in a non-voting capacity, put forth audit reports, communicated the implementation and effectiveness of the audit business with independent directors, as well as responded to independent directors' questions.
3. The communication between the Audit committee and the chief internal auditor is effective.

Date	Major issues	Communication results
March 15, 2023	Audit reports for November through December 2022 and for January through February 2023 2022 Internal Control System Statement	No comment
May 9, 2023	Audit report for March 2023	No comment
August 9, 2023	Audit report for April through June 2023	No comment
November 9, 2023	Audit report for July through September 2023 2024 audit plan	No comment
March 11, 2024	Audit reports for October through December 2023 and for January through February 2024 2023 Internal Control System Statement	No comment
May 8, 2024	Audit report for March 2024	No comment

(II) Communication between independent directors and CPAs:

CPAs reported the independent directors separately on the Company's financial position, the financial position and operations of our subsidiaries at home and abroad, and the internal control audits at least once a year and compiled the key audit matters, whether there were any major adjustments to the accounting entries, or whether the amendments to laws and regulations affect the accounting and communicated such issues thoroughly with the Audit Committee in writing or face to face. A meeting might be held at any time in the event of a major unusual incident.

Date	Major issues	Communication results
March 15, 2023	Independence, auditors' responsibilities for auditing financial statements, the type of audit opinion issued, the scope of the audit, the audit findings, other precautionary items, important accounting standards or interpretation letters, and updates of securities laws and tax laws. The CPAs explained the questions raised and communicated and made decisions with the participants.	No comment
November 9, 2023	Independence, reviewer's responsibility for reviewing the interim financial statements, type of review conclusion, review scope, review findings, impact of the intended amendment to TWSA600 Special Considerations—Audits of Group Financial Statements on the Company, and important legal updates. The CPAs explained the questions raised and communicated and made decisions with the participants.	No comment
March 11, 2024	Independence, reviewer's responsibility for reviewing financial statements, type of review conclusion, review scope, review findings the competent authority's recent inspection of the major internal control deficiencies of the TPEx listed and emerging stock companies and reminders, the firm's quality management system and communication on case resources, summary of recent updates to TWSA, important accounting standards or letters of interpretation, updates of securities and taxation laws and regulations. The CPAs explained the questions raised and communicated and made decisions with the participants.	No comment

Note 1: If an independent director resigns before the end of the year, the date of resignation shall be indicated in the remarks column, and the attendance (%) shall be calculated with the number of board meetings attended by the director divided by the number of Audit Committee meetings held during their term of office.

Note 2: Before the end of the year, if there is an election of independent directors, the new and old directors and supervisors shall be entered, and the old, new, or re-elected status and the election date of each independent director shall be indicated in the remarks column. The attendance (%) shall be calculated with the number of board meetings attended by a director divided by the number of Audit Committee meetings held during their term of office.

(III) The operations of corporate governance and the deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the company formulated and disclosed the Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has formulated the "Corporate Governance Best Practice Principles" and proceeds accordingly. Regarding the disclosure of the "Corporate Governance Best Practice Principles", we have adopted the methods below: 1. Internally: We have disclosed the "Corporate Governance Best Practice Principles" on the intranet for all employees to follow. 2. Externally: We have set up an "Investors section" and disclosed the information on the Company's finance and corporate governance on the official website, while setting up a "Corporate Governance section", for us to disclose the "Corporate Governance Best Practice Principles" and other relevant organizational charters on the website as a reference for shareholders and stakeholders. We have personnel dedicated to maintaining and updating such information in real-time. The company website: www.agneovo.com	No major difference
II. The Company's shareholding structure and shareholders' equity (I) Has the company formulated internal operating procedures for handling shareholders' suggestions or questions or disputes and litigation with them and complied with the procedures?	V		(I) We have a spokesperson and an acting spokesperson in place to express our opinions to the public on behalf of the Company and instruct the shareholder service agency to assist in handling disputes.	No major difference
(II) Does the company have a list of the major shareholders with ultimate control over the company and a list of the ultimate controllers of the major shareholders?	V		(II) The Company has personnel dedicated to keeping abreast of directors, managers, and major shareholders holding more than 10% of our shares, and we file a report on major shareholders' shareholdings regularly, while the "Registrar Agency Department, Capital Securities Corporation", assists in handling relevant matters so that we effectively keep abreast of the list of major shareholders.	No major difference
(III) Has the company established and implemented a risk control and a firewall mechanisms between itself and affiliates?	V		(III) We have formulated such mechanisms in the Company's internal control system, and our auditors monitor the implementation regularly.	No major difference
(IV) Has the company formulated internal regulations to prohibit insiders from using information undisclosed in the market to buy and sell securities?	V		(IV) The Company has formulated the "Procedures for Handling Material Inside Information" to prohibit insiders from using unpublished information on the market to trade securities, while raising insiders' awareness at least once a year.	No major difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
III. Composition and responsibilities of the Board of Directors (I) Has the board of directors formulated a diversity policy and specific management objectives and implemented them accordingly?	V		(I) We have formulated the "Corporate Governance Best Practice Principles" and adopted a board diversity policy for the board structure. We also consider basic criteria (gender, age, nationality, and culture), diversity of professional backgrounds, skills, and industry experience based on the Company's operations, business model, and development needs. Board members as a whole should possess the knowledge, skills, and qualities needed to perform their duties. To achieve the Company's ideal goals of corporate governance, the Board of Directors as a whole should possess the capabilities and skills below: I. Business judgment. II. Accounting and financial analysis. III. Business management. IV. Crisis management. V. Industry knowledge. VI. International market perspective. VII. Leadership. VIII. Decision-making; we have adopted a board diversity policy based on the Company's operations, business model, and development needs. (II) We have disclosed our Corporate Governance Best Practice Principles on the company website. (III) The implementation for the management objectives of board diversity is as follows: Management objectives: Board members should have adequately diverse professional knowledge and skills and professional backgrounds; female directors account for 14% or more of all directors; no more than two directors are spouses or relatives within the second degree of kinship of other directors; the term of independent directors is advised not to exceed three consecutive terms. Implementation status: All the Company's directors have expertise in different fields, which greatly helps our development and operations. The Company's Board of Directors is currently composed of 7 directors with a term of 3 years.	No major difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			Female directors account for 29% of all directors (one of whom is an independent director), which has reached the target set by the Company, while male directors account for 71%. No director is a spouse or relative within the second degree of kinship of another. The term of office of one independent director is fewer than three years, while the others are three to six years. (Please refer to (IV) Board diversity and independence under II. Information on directors, supervisors, the President, Vice Presidents, Assistant Vice President, and the heads of various departments and branches in Chapter Three of this annual report.	
(II) Has the company voluntarily established other functional committees in addition to the remuneration and the audit committees established in accordance with the law?		V	(II) We have established the "Remuneration Committee" and the "Audit Committee" and formulated the "Remuneration Committee Charter" and the "Audit Committee Charter", and term of office of such committees' members is the same as that of the Board of Directors. We also have the Welfare Committee in place and will evaluate the need for establishing other functional committees in the future.	No major difference
(III) Has the company formulated Rules of the Performance Evaluation of the Board of Directors and evaluation methods, conducted performance evaluations annually and regularly, reported the results of performance evaluations to the board of directors, and adopted such results as a reference for deciding the remuneration of and nominating candidates for individual directors?	V		(III) The Company's Board of Directors adopted the amendments to the "Rules of the Performance Evaluation of the Board of Directors" on November 6, 2019. It provided that the Board of Directors must conduct at least one performance evaluation for the Board of Directors, individual director members, and functional committees every year. Please visit the MOPS or the Company's website for details. The implementation during 2023 is as follows: 1.The Remuneration Committee determined and regularly reviewed the board performance evaluation indicators based on the Company's operations. The Company regularly evaluates board performance every year, and the evaluation results shall be completed before the end of February of the following year and shall be reviewed by the Board of Directors for improvements. The Board of Directors may also adopt individual directors' performance evaluation results as a reference for an election or nomination of candidates for directors. 2. The 2023 performance evaluation results were submitted to the latest Board of Directors meeting on March 11, 2024. (Please refer to	No major difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			Chapter Three, IV. Implementation of Corporate Governance; (I) Information on the Operations of the Board of Directors-Additional Information; III. Information on the cycle, period, scope, method, and content of the Board of Directors' self-evaluation and the implementation of the evaluation). 3. The board performance for 2023 was evaluated based on the overall performance, and directors' remuneration was determined as per Article 21 of the Articles of Incorporation.	
(IV) Does the company regularly assess the independence of the CPAs?	V		(IV) Our company conducts an internal assessment at least once a year in accordance with Article 47 of the CPA Act and Bulletin No. 10 of the Code of Professional Ethics for CPAs. This assessment evaluates the independence and suitability of the certifying CPA, examining whether they serve as a director, shareholder, or employee of our company to ensure they are not stakeholders. In addition to requiring the CPA to provide the "CPA Independence and Suitability Assessment Form," the "Independence Statement," and "Audit Quality Indicators (AQIs)," we also evaluate them based on the CPA Independence and Suitability Evaluation Standards (Note 1) and the thirteen indicators under the five dimensions of AQIs (Note 2). It is confirmed that the certifying CPA has no financial interests or joint investments with the company other than certification and tax-related fees, and that the CPA's family members do not violate independence requirements. The CPA meets our company's independence and suitability evaluation standards, qualifying them to serve as our certifying CPA. This procedure also applies in the event of internal rotation within the CPA firm. As of the most recent certification process, there have been no instances of not changing the CPA for seven years. The latest annual assessment results were reviewed and approved by the Audit Committee on August 9, 2023, and subsequently approved by the Board of Directors on August 9, 2023, regarding the assessment of the certifying CPA's independence and suitability.	No major difference
IV. Has the company has appointed an	V		To protect shareholders' rights and interest and reinforce the Board of Directors' powers, we	No major difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
appropriate number of competent corporate governance personnel and designated a corporate governance officer to be responsible for corporate governance affairs (including but not limited to providing directors and supervisors with the materials required for performance of their duties, assisting directors and supervisors with compliance, handling matters related to board meetings and the shareholders' meetings, and preparing minutes of board meetings and shareholders' meetings)?			approved the appointment of the Chief Financial Officer to serve as the Corporate Governance Officer concurrently by the resolution of the Board of Directors on November 6, 2019. The officer has more than three years of experience in charge of financial affairs and shareholder service at a publicly listed company and has received professional training as required by law. The Chief Corporate Governance Officer is responsible for convening the Board of Directors and Shareholders' Meetings and arranging the meeting procedures, preparing the meeting minutes and disclosing information, providing the directors with the information required for the execution of duties, assisting the directors in complying with the laws and regulations, assisting the directors in taking office and continuing education, and reporting to the Board of Directors on their progress. The Chief Corporate Governance Office also oversees whether the review results of independent directors' qualifications are in compliance with relevant laws and regulations at the time of nomination, election, and during the term of office, and handles matters related to directors' change and other matters stipulated in the Articles of Incorporation or contracts of the company . The tasks carried out during 2023 are as follows: 1. Handled matters related to the convening of the Board of Directors and shareholders' meetings in accordance with the law. 2. Took, sent, and disclosed minutes of the board meetings and shareholders' meetings during the year in accordance with the law. 3. Reviewed if the resolutions by the Board of Directors should be disclosed in the form of material information. 4. Provided directors with information on training, corporate governance, and laws to assist them in complying with laws and regulations. Matters related to directors' continuing education (their continuing education courses taken have been disclosed on the MOPS). 5. Reviewed whether the Company met the requirements of the corporate governance evaluation indicators. 6. Arranged for the chief internal auditor and CPAs to communicate with the independent directors at the Audit Committee meetings. 7. Completed the registration of changes in business	

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td></td><td></td><td></td><td>in accordance with the law and properly managed the registration to ensure the validity of the business registration documents.
Corporate Governance Officer’s training<table>
<tr><th>Date of training</th><th>Training institution</th><th>Course title</th><th>Training Hours</th></tr>
<tr><td>2023/06/09</td><td>Securities and Futures Institute</td><td>2023 Insider Trading Prevention Briefing</td><td>3</td></tr>
<tr><td>2023/09/19</td><td>Taiwan Corporate Governance Association</td><td>Corporate Carbon Right and Carbon Assets Management in Response to the Operation of the Global Carbon Trading Mechanism</td><td>3</td></tr>
<tr><td>2023/09/20</td><td>Accounting Research and Development Foundation</td><td>Common Deficiencies of "Financial Report Review" and Practical Analysis of Important Internal Control Regulations</td><td>6</td></tr>
</table></td><td></td></tr>
<tr><td>V. Has the company has established communication channels with stakeholders (including but not limited to shareholders, employees, clients, and suppliers) and set up a section dedicated to stakeholders on the company's website to properly respond to stakeholders’ major CSR issues of concern?</td><td>V</td><td></td><td>We have a spokesperson and an acting spokesperson in place to express our opinions to the public on behalf of the Company and instruct the shareholder service agency to assist in handling disputes. We have set up a section dedicated to stakeholders (including but not limited to shareholders, employees, customers and suppliers) on the company website and designated personnel to respond to stakeholders’ issues of concern.</td><td>No major difference</td></tr>
<tr><td>VI. Does the company appoint a professional stock affairs agency to handle the affairs related to shareholders' meetings?</td><td>V</td><td></td><td>We have appointed the professional shareholder service institution, “Registrar Agency Department, Capital Securities Corporation”, to handle matters related to shareholders' meetings and shareholder service.</td><td>No major difference</td></tr>
<tr><td>VII. Information disclosures</td><td></td><td></td><td></td><td></td></tr>
</table>

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(I) Has the company set up a website to disclose information on financial business and corporate governance?	V		(I) We have set up an Investors section on the official website and disclosed the information on the Company's finance and corporate governance, and investors may visit the MOPS to check the relevant information disclosed.	No major difference
(II) Does the company adopt other methods to disclose information (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, or placing the proceeding of investor conferences on the company website)?	V		(II) The Company has set up a website in both English and Chinese and designated personnel to collect and disclose information, while implementing a spokesperson system, with the spokesperson and the acting spokesperson responsible for communicating with the public; the process of the investor conferences is also placed on the company website.	No major difference
(III) Does the company announce and submit an annual financial report to the competent authority within two months after the end of each fiscal year and announce and submit the financial reports for the first, second, and third quarters and the operations of each month to the competent authority before a specified deadline?		V	(III) The company complies with the regulations of Article 36 of the Securities and Exchange Act to disclose financial reports and monthly operating conditions.	We did not disclose the annual financial report before the end of February of the following year.
VIII. Does the Company have other important information that facilitates the understanding of the operations of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk measurement standards, the implementation of client policies, and the company's purchase of directors and supervisors liability insurance)?	V		(I) Employee rights and interest and care: We continue to offer on-the-job training to employees to hone their professional abilities. The Employee Welfare Committee organizes employee travel activities and subsidizes employee club activities every year and has established positive relations on the basis of mutual trust with employees. (II) Investor relations: We have set up a contact point for investor relations on the company website to respond to investors' questions. (III) Supplier relations: We have maintained a long-term and stable partnership with our suppliers. (IV) Stakeholders' rights: Stakeholders may communicate with and make suggestions to the Company to safeguard their legitimate rights and interest. (V) Directors' continuing education: We notify directors of professional courses related to their duties from time to time in accordance with the Directions for the Implementation of "Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" and disclose their training situation on the MOPS. (For the	No major difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			continuing education of the directors of the current term, please refer to (VIII) Other important information that may facilitate the understanding of the operation of corporate governance may be disclosed together under IV. Implementation of corporate governance in Chapter Three.) (VI) Implementation of risk management policies and risk assessment standards: The relevant management units are responsible for managing various operational risks of the Company as per the their business, and the Audit Department reviews the existing or potential risks of each operation and formulates and implements a risk-oriented annual audit plan accordingly. (VII) Implementation of customer policy: In addition to the spokesperson system,we have maintained stable and harmonious relations with customers to create profits. (VIII) We purchase directors and managers liability insurance every year and report on the insured amount, coverage, and contribution rate to the Board of Directors and disclose them on the MOPS.	

IX. Please specify any improvements made as per the results of the corporate governance evaluation announced by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year and put forth prioritized measures to improve those that have not yet improved.

The ranking range in the 10th Corporate Governance Evaluation (for 2023): 51%~65%

The improvements to the indicators that the Company failed to obtain scores are specified below:

No.	Evaluation indicator	Improvement made
1.3	Do more than half of the directors and the convener of the Audit Committee attend the shareholders' meeting in person? Is the list of attendees disclosed in the meeting minutes?	The Company has reminded all directors and the convener of the Audit Committee to attend the shareholders' meeting in person.
3.20	Is the company invited (voluntarily) to hold at least two investor conferences with links to the complete video and audio records of the at least two meetings disclosed? Is there an interval of at least three months between the first and the last investor conferences?	The Company plans to convene two investor conference.

Note: Either “Yes” or “No” checked, the operation shall be specified in the brief description column.

Note 1:
The evaluation based on Article 47 of the CPA Act and Bulletin No. 10 of the Code of Professional Ethics for CPAs regarding "integrity, impartiality, objectivity, and independence" is as follows:

Item	Evaluation result	Meets independence or not
1. As of the most recent certification process, there have been no instances of not changing the CPA for seven years.	Yes	Yes
2. There are no significant financial interests with the client.	Yes	Yes
3. Avoid any inappropriate relationships with the client.	Yes	Yes
4. The CPA should ensure that their assistants adhere to principles of honesty, impartiality, and independence.	Yes	Yes
5. The CPA is prohibited from auditing and certifying the financial statements of an organization they served within the past two years.	Yes	Yes
6. The CPA's name cannot be used by others.	Yes	Yes
7. Do not hold shares in the company or its related enterprises.	Yes	Yes
8. No financial borrowing or lending with the company or its related enterprises.	Yes	Yes
9. No shared investments or shared interests with the company or related enterprises.	Yes	Yes
10. Not concurrently employed in regular positions with the company or related enterprises, and not receiving fixed salaries.	Yes	Yes
11. Not involved in managerial functions related to decision-making for the company or related enterprises.	Yes	Yes
12. Not engaged in any other business activities that could compromise their independence.	Yes	Yes
13. There is no relationship of spouse, direct blood relatives, direct relatives by marriage, or second-degree relatives with management personnel of the company.	Yes	Yes
14. No commissions received related to the business.	Yes	Yes
15. As of now, there have been no penalties or incidents compromising independence principles.	Yes	Yes

Note 2: Competency evaluation of the CPA’s Audit Quality Indicators (AQIs) Competency Evaluation

Professionalism	Quality Control	Independence	Supervision	Innovative Capability
1. Audit experience 2. Training hour 3. Turnover rate 4. Professional support	1. Accountant workload 2. Audit commitment 3. Review (EQCR) 4.Quality support capability	1. Non-audit service fee 2. Customer familiarity	1. Deficiency and punishment of external audit 2. Issuance letter of improvement from competent authority.	1. Innovative plan or initiative

(IV) If the company has established a remuneration committee, the composition, responsibilities, and operations of the committee shall be disclosed:

1. Information on members of the Remuneration Committee

Title	Criteria / Name	Professional cations and experience	Independence	Number of other public companies where the individual serves as a member of the remuneration committee concurrently	Remarks
Independent Director	Yang, Chyan	Note 1	Note 1	3	Convener
Independent Director	Sha-Wei Chang	Note 1	Note 1	1	
Independent Director	Kuo-Hua Chen	Note 1	Note 1	1	

Note 1: Please refer to (III) Disclosure of information on directors' professional qualifications and the independence of independent directors under II. Information on directors, supervisors, the President, Vice Presidents, Assistant Vice President, and the heads of various departments and branches, Three. Corporate Governance Report of this annual report for the details of independent directors' professional qualifications and experience and independence.

2. Responsibilities of the Remuneration Committee's self-evaluation

With the duty of care as a good manager, the committee should faithfully perform the tasks below and submit its suggestions to the Board of Directors for discussion:

(1) Formulate and regularly review the policies, systems, standards, and structures for directors' and managers' performance evaluation and remuneration.

(2) Regularly evaluate and determine directors' and managers' remuneration.

3. The operations of the Remuneration Committee

(1) There are three members of the Remuneration Committee of the Company.

(2) The term of office of the current term of committee members: From July 21, 2021 through July 20, 2024.

The Remuneration Committee held two [A] meetings during the most recent year (2023), and committee members' attendance is as follows:

Job title	Name	Actual attendance [B]	Attendance by proxy	Attendance (%) [B/A]	Remarks
Convener	Yang, Chyan	2	0	100%	
Member	Sha-Wei Chang	2	0	100%	
Member	Kuo-Hua Chen	2	0	100%	

Additional information:

I. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the Board of Directors, and the Company's response to said opinions shall be specified (if the remuneration approved by the Board of Directors is better than the Remuneration Committee's suggestions, the difference and the reasons therefor shall be specified): None.

II. For proposals resolved by the Remuneration Committee, if any members expressed objection or reservation with a record or written statement, the date of the Remuneration Committee meeting, the session, the content of the proposal, all members' opinions, and the response to the members' opinions shall be specified: None.

III. Discussions and resolutions by the Remuneration Committee in the most recent year and up to the publication date of this annual report, and the Company's response to the members' opinions:

Date of the Remuneration Committee meeting (session)	Content of proposal	All Remuneration Committee members' opinions and the Company's response to said opinions
March 15, 2023 4th meeting of the 5th term	1. Passed the 2022 director's remuneration and employee remuneration distribution proposal 2. Passed the 2022 restricted employee stock	Passed by all Remuneration Committee members Submitted to the Board of Directors

	allocation update proposal	and approved by all directors present
November 9, 2023 5th meeting of the 5th term	1. Passed the regular review of the Company's salary and remuneration policy	Passed by all Remuneration Committee members Submitted to the Board of Directors and approved by all directors present
March 11, 2024 6th meeting of the 5th term	1. Passed the 2023 director's remuneration and employee remuneration distribution proposal 2. Approved the amendments to the Company's "Implementation Rules of the Regulations Governing the Repurchase of Shares for Transfer to Employees" 3. Passed the 1st and 2nd repurchase of shares for transfer to managers in 2019	Passed by all Remuneration Committee members Submitted to the Board of Directors and approved by all directors present

(V) The promotion of sustainable development and the deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Has the company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, governed by the senior management as authorized by the board of directors, which supervises the implementation?	V		(I). On November 11, 2015, the Company's Board of Directors authorized and approved the formulation of the "Code of Practice for Sustainable Development" (formerly: Code of Practice for Corporate Social Responsibility). The president's office is a part-time unit to promote sustainable development. The department's senior manager is responsible for the proposal and implementation of sustainable development policies and promotion plans and reports the operation and implementation status to the Board of Directors annually.	No major difference

			(II) The latest reporting to the Board of Directors was on November 9, 2023, and the matter reported is as follows: Since AG Neovo Healthcare (biomedical division) was established, it has been committed to promoting mobile oral health care. In addition to setting up mobile dental diagnosis and treatment equipment, it actively participates in free clinics launched by academic institutions and non-governmental medical organizations. We uphold the belief of the right to health and fulfill our corporate social responsibilities by promoting mobile medical care for a long time, with the aim of gradually filling the gap of medical resources in remote areas and vulnerable groups. To practically support the free clinic activities, our employees brought the portable dental treatment device, PDE-181, to strongly support the free clinic team of the dentists in the front line. Period: 2022/12/24~2023/01/07 Location: A total of 29 service locations throughout Taiwan, serving 828 cases. Organizer: Chinese Christian Relief Association Service recipient: Families in distress and disadvantaged families Purpose: Oral health education services, teeth cleanings, and health consultation. Services: The Company's biomedicine department sent 15 people to participate. They brought two portable dental treatment devices (PDE-181) to assist the free clinic team of dentists for front-line applications, enabling love to spread across Taiwan. (III) The Company's Board of Directors regularly reviews the reports of the management team every year and provides supervision and suggestions on implementing the report contents.	
II. Does the company conduct risk assessments of	V		This disclosure information covers	No major

environmental, social, and corporate governance issues related to company operations as per the principle of materiality? Has the company formulated relevant risk management policies or strategies?			the Company's sustainable development performance on its main bases from January 2023 to December 2023. The risk assessment boundary is mainly based on the Taiwan headquarters. The Company conducts risk assessment on important issues according to the principle of materiality for sustainable development. Reduce the various risks faced by the Company's operations to an acceptable and controllable range through activities such as identification, assessment, control, supervision, and communication of potential risks to provide a reference for formulating business strategies and reasonably ensure the achievement of the Company's strategic goals. The "Risk Management Policy" was approved by the Board of Directors on November 04, 2020. The relevant risk management policies or strategies are as follows: Major issues I: Environmental Risk assessment: impact and management Risk management strategies: As a citizen on the earth, the Company has recognized the importance of environmental sustainability, so we have also established an employee portal, along with salary management, attendance management, announcements, and performance evaluation functions. We have also digitalized the internal sign-off process to reduce paper consumption. As the Company is not a manufacturing company and does not manufacture products, we do not consume a large amount of raw materials and water resources, and the energy consumption is mainly from the power consumption of office computers and equipment in the data center. Thus, we put an emphasis on conservation of electricity and purchase of energy-efficient equipment in our daily operations. Major issues 2: Social Risk assessment: Occupational safety Risk management strategies: Fire drills are held every year and the Occupational Safety and Health Act is advocated on the Company's internal bulletin board to enhance emergency response and self-safety management capabilities among the employees. The Company has held 2 occupational and workplace safety seminars in 2023, with a total duration of 15 hours and a total of 30 participants (70% of the total number of employees). Establish occupational safety and health personnel and first-aid	difference

			personnel according to laws. Risk assessment: Product safety Risk management strategies: 1. The products sold by the Company to clients are in compliance with applicable regulations and international standards, including CE, CCC, the EU REACH regulation, the RoHS Directive, and WEEE. 2. The Company has purchased product liability insurance to transfer commodity liability risks, reduce property losses, and improve product safety. Risk assessment: Labor-management relations Risk management strategies: The Company has planned and implemented various systems and benefits in accordance with applicable laws and regulations and in alignment with our business philosophy of sharing profits with employees, while providing smooth grievance channels to facilitate labor-management harmony and offering complete employee training as well as development and appropriate incentive programs to enhance their competitiveness. Major issues 3: Corporate governance Risk assessment: Socioeconomic and legal compliance Risk management strategies: 1. The Company has established an ethical management implementation team, and the General Manager's Office is responsible for implementing ethical management. We regularly report on the implementation of ethical management for the prior year to the Board of Directors and assist the Board of Directors in auditing and evaluating whether the preventive measures for the implementation of ethical management are effective. The Company has formulated the Ethical Corporate Management Best Practice Principles, ethical code of conduct, the Codes of Ethical Conduct, the Employee Code of Conduct, and an internal control system. We assess the internal control operations in cooperation with the internal audit, provide channels for reporting violations of professional ethics, and implement anti-corruption measures. 2. The products and services developed by the Company are in accordance with the applicable laws and regulations on intellectual	

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
			property rights, and we apply to obtain licenses or authorizations. Risk assessment: Strengthen the Directors' Functions Risk management strategies: 1. Provided directors with information on training, corporate governance, and laws to assist them in complying with laws and regulations. 2. Purchase liability insurance for directors to protect them from lawsuits or claims. Risk assessment: Communication with stakeholder Risk management strategies: Establish various communication channels, to actively communicate and reduce confrontation or misunderstanding. The spokesperson is in charge of responding to investor mailboxes that have been established.	
III. Environmental issues				
(I) Has the company set up an appropriate environmental management system as per its industrial characteristics?	V		(I) All our suppliers have obtained ISO14001 environmental management system certification to honor their commitment to environmental policies.	No major difference
(II) Is the company committed to improving energy efficiency and adopting recycled materials with low environmental impact?	V		(II) We have adopted measures, such as recycling of printer paper. The design and manufacturing process for products facilitates the disassembly and recycling of electronic devices. Product designs aim to make it easier to reuse and recycle products except for environmental and safety factors. The current average product recycling rate is 90%; the average reuse/recycling rate is 82%, both of which are much higher than EU standards.	No major difference
(III) Has the company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	V		(III) We are committed to implementing energy conservation and carbon reduction measures, such as electronic forms or documents, development of energy-efficient and eco-friendly products, and energy conservation.	No major difference

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(IV) Has the company counted the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?		V	(IV) The Company is not a manufacturing company and dose not engage in the assembly and production of products; however, we continue to implement various energy conservation and carbon reduction strategies inside the organization. The details are as follows: 1. Resource recycling. 2. Appointment of a professional cleaning company to regularly disinfect the offices and clean air-conditioners to maintain a clean environment. 3. The Company is located in Nangang Software Park. The relevant data on greenhouse gas emissions and water consumption over the past two years was all managed and controlled by the Building Management Committee of Nangang Software Park. We have been awarded the Taipei City Commercial Building Energy Label.	No major difference

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
IV. Social issues (I) Does the company formulate relevant management policies and procedures in accordance with applicable laws and the International Bill of Human Rights?	V		(I) The Company abides by the applicable labor laws and international human rights conventions and put emphasis on gender equality, protection of the right to work, and prohibition of employment discrimination, and safeguards the human dignity and employees' basic human rights. We strive to ensure the equality and fairness of employment, employment conditions, remuneration, benefits, training, evaluation, and promotion opportunities and have established appropriate management approaches and procedures, such as the "employee work rules", to provide competitive salaries, bonuses, and employee remuneration, and a benefits system. We also purchase group insurance for employees and implement a leave and attendance system and a performance management system while contributing to the labor pension accounts as per law. In the year 2023, a total of 24 individuals received human rights policy-related education and training, with a total duration of 12 hours. In the future, we will continue to focus on human rights protection issues, promote relevant education and training, and enhance awareness of human rights protection to reduce the likelihood of related risks occurring	No major difference

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(II) Has the company formulated and implemented reasonable employee benefit measures (including remuneration, leave, and other benefits) and reflected business performance or achievements in employee remuneration appropriately?	V		(II) We have formulated a reasonable salary and remuneration policy and an employee performance evaluation system to share the Company's operating profits with employees based on their performance, so that their salaries will grow with the Company's operations. As per Article 19-1 of the Articles of Incorporation, the Company shall allocate not less than 10% of the year's profit for employee remuneration. The Company's remuneration is determined based on each employee's personal abilities and contribution to the Company, and their remuneration is linked to business performance through performance evaluation. We have also established an Employee Welfare Committee to handle various matters related to benefits. The goal is to ensure workplace diversification and equality, realize equal pay for men and women and equal promotion opportunities, and maintain over 20% of female executive positions. In 2023, the average proportion of female employees was 49%, and the average proportion of female managers reached 43%.	No major difference

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Does the company provide employees with a safe and healthy work environment and offer safety and health education to employees regularly?	V		(III) In order to prevent occupational disasters and maintain a safe and healthy work environment for employees, the Company regularly provides employees with medical and health assistance, publicizes the Occupational Safety and Health Act on the internal bulletin board , and implements work safety and health education for employees. The Company has held 2 occupational and workplace safety seminars in 2023, with a total duration of 15 hours and a total of 30 participants (70% of the total number of employees). Establish occupational safety and health personnel and first-aid personnel according to laws. We purchase labor insurance, health insurance, and group insurance for employees. We regularly organize employee health checkups to maintain employees' health. In 2023, there were 0 occupational accidents and 0 employee injuries (accounting for 0% of the total number of employees at the end of 2023). We also held regular education, training, and publicity to maintain a zero occupational accident environment. In 2023, there were no fire incidents and no casualties (0% of the total employee count). Regular education and training sessions were conducted, including a fire evacuation drill on May 25, 2023. The total duration of the drill was 19 hours, with 19 participants. The training covered topics such as AG Neovo's evacuation route map, fire evacuation drills, professional explanations and operations by the Nangang Fire Brigade, and the company's self-defense fire organization and task overview.	No major difference

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(IV) Has the company established an effective career development training program for employees?	V		(IV) The Company provides relevant internal and external professional education and training to enhance employees' skill sets. We also encourage them to evaluate their own interests, skills, values, and goals and regularly communicate with managers about their personal career plans to set out or adjust their future career paths.	No major difference
(V) Does the company comply with applicable laws and international standards regarding issues, such as customer health and safety, customer privacy, as well as marketing and labelling of products and services? Has it formulated relevant policies and complaint procedures to protect consumers' or customers' rights and interests?	V		(V) The products sold by the Company to clients are in compliance with applicable regulations and international standards, including CE, CCC, the EU REACH regulation, the RoHS Directive, and WEEE. To protect consumers' rights and interest, we provide a variety of services and information and personal customer services through complete and standardized customer complaint processing procedures, while the responsible unit formulates the processing standards and timelines and regularly monitors the implementation effectiveness, thereby improving our products and strengthening our services process. During marketing, we clearly label the contents of each product or service on the website, thereby keeping users informed and protecting their rights and interest. We protect customers' (consumers') rights and interests in accordance with the GDPR, our country's personal data protection law, and our privacy policy. We have a Stakeholders section on the Company's official website as a customer (consumer) complaint channel.	No major difference

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Operations</th><th rowspan="2">Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief description</th></tr>
<tr><td>(VI) Has the company formulated a supplier management policy, required suppliers to follow applicable regulations on issues, such as environmental protection, occupational safety and health, or labor rights? The implementation thereof?</td><td>V</td><td></td><td>(VI) The Company designs products in the spirit of respecting the earth and regards suppliers as our long-term partners to jointly establish a sustainable value chain. To ensure the best quality of our products and continuous optimization of the process, we review suppliers' capabilities based on six evaluation indicators through a supplier selection evaluation process namely customer support, R&D management, sourcing skills, production management, financial position, and price advantages. In the case of any unusual situation, we also provide guidance timely to assist them in implementing improvement plans.
Implementation: We require suppliers to comply with applicable laws and regulations as specified in the contracts signed. Based on “collaboration and a win-win outcome”, both parties should establish a mutually supportive and mutually beneficial business partnership. We encourage suppliers to jointly establish and fulfill “corporate social responsibility” and put into practice the business philosophy of “sustainable development”. If a supplier is in breach of the contract or has a negative impact on the society or the environment, we will promptly request it to put forth an improvement plan; if it cannot improve the issue or it will cause a significant negative impact on society, we will terminate or cancel the contract.</td><td>No major difference</td></tr>
<tr><td>V. Has the company referred to the internationally accepted reporting standards or guidelines to prepare reports, such as ESG reports that discloses the company’s non-financial information? Has a third-party verification entity provided assurance or assurance opinion for said report?</td><td></td><td>V</td><td>The company has not yet compiled a sustainability report. It will be prepared and submitted in accordance with regulations in the year 2025.</td><td>We have not yet prepared such a repot.</td></tr>
<tr><td colspan="5">VI. If the Company has the sustainable development best practice principles formulated according to the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies,”
Please describe the differences between its operation and the principles.
We have formulated the “Sustainable Development Best Practice Principles” and we adhere to the spirit of sustainable development in daily operations.</td></tr>
</table>

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	

VII. Other important information that facilitates the understanding of the promotion of sustainable development:

1. Environmental protection: In response to the RoHS Directive, we require suppliers to comply with the RoHS Directive starting from May 1, 2006. The Company's parts are in compliance with the RoHS Directive, we apply the concept of energy efficiency in daily operations to save water and electricity, thereby reducing the impact on the environment.

2. Community engagement, social contribution, social service, and social charity:
We uphold the belief of the right to health and fulfill our corporate social responsibilities by promoting mobile medical care for a long time, with the aim of gradually filling the gap of medical resources in remote areas and vulnerable groups. To practically support the free clinic activities and join the 1919 Happiness Bus Service to strongly support the free clinic dentist team in the front line.

Date	Location	Organizer	Service recipient	Details of service
2022/04/02~2022/04/03	Hsinchu County Wufeng Township	Taiwan Medical Association	Remote mountain areas and local residents	Advocate betel nut health hazard prevention, provide health education lectures, and offer tooth cleaning and oral medical and diagnostic services.
2022/12/24~2023/01/07	A total of 29 service locations throughout Taiwan	Chinese Christian Relief Association	Tribes in remote villages and towns in Taiwan, disadvantaged families, families in need, elderly people over 55 years old, and no gender restrictions.	Oral health education and publicity (gum strengthening exercises for the mouth), teeth cleaning, and oral health care.
December 23, 25 - 26, 30 - 31, 2023 and January 1 - 5, 2024 (10 days)	A total of 20 service locations throughout Taiwan	Chinese Christian Relief Association	Tribes in remote villages and towns in Taiwan, disadvantaged families, families in need, elderly people over 55 years old, and no gender restrictions.	Oral health education and publicity (gum strengthening exercises for the mouth), teeth cleaning, and oral health care.

Item	Operations			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	



3. To protect consumers rights' and interest:
3.1 The Company has set up a service line (02-26558080 ext. 307) to serve consumers.
3.2 We purchase product liability insurance for our products.
3.3 To enable investors to access information in a timely manner, we release material information, hold material information press conference, as well as disclose information on revenue and financial reports on the Company's website in accordance with laws and regulations, so that investors can understand the situation of our corporate governance in different methods and communicate with the Company by email or phone at any time.
4. Human rights: We disclose information on the "respect for labor rights" and have the "Stakeholders section" on the Company's official website.
5. Safety and health: To maintain employees' safety in the work environment, we purchase public liability insurance in cooperation with the office building's policy, hold fire exercises, and have first aid kits in the office.
6. Other sustainable development activities: In addition to various disclosures on the company website, we have launched a CEO column, to share the Company's business philosophy and brand development experience with investors, creditors, and other stakeholders, and serve as a reference for businesses who intend to develop their own brands to facilitate corporate sustainable development.

Note 1: If "Yes" is checked for Operations, please specify the important policies, strategies, and measures adopted and the implementation situation; if "No" is checked, please specify the circumstances and reasons for the differences as well as plans to adopt relevant policies, strategies, and measures in the future in the column of "Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons."
Note 2: The principle of materiality refers to those who have a significant impact on the Company's investors and other stakeholders in respect of environmental, social, and corporate governance issues.
Note 3: Please refer to the examples of best practice principles on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

(VI) Climate-related implementation status

1 Implementation of Climate-Related Information

Item	Implementation status
1. Describe the supervision and governance of climate-related risks and opportunities by the board of directors and management.	Our company has approved the "Greenhouse Gas Inventory and Verification Schedule Planning" in the board of directors meeting held in 2022. We have established a dedicated task force to implement this plan. The execution status will be reported to the board of directors quarterly for oversight.
2. Describe how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short-term, medium-term, long-term).	Our company approved the "Greenhouse Gas Inventory and Verification Schedule Planning" in 2022 and established a dedicated task force for its implementation. The short- and medium-term goals are to review the greenhouse gas inventories of each subsidiary and gradually develop emission reduction plans for various categories. The long-term goal is to achieve net zero emissions by 2050.
3. Describe the financial impact of extreme weather events and transformational actions.	Extreme climate events such as typhoons, floods, or extreme heat may cause damage to the company's physical assets, including operational sites, supply chain logistics, and inventory. Such losses could lead to increased insurance claims and facility repair costs, thereby impacting the company's operational performance. This necessitates more precise financial management and operations. As extreme climate events become more prevalent, it is imperative to adjust our operations and strategies. We must enhance our efforts to introduce green products and transition to a low-carbon economy, and develop more environmentally friendly products. Therefore, our company is currently assessing the potential financial impact of extreme climate events and transition actions. We are formulating response strategies to ensure that the company can adapt to these changes while maintaining financial stability throughout the transition process.
4. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system.	Our company is currently planning to establish a systematic assessment process and mechanism for climate risk management within our risk management framework. Firstly, we will identify risks that may be influenced by climate change and assess their likelihood of occurrence. Secondly, we will develop corresponding management strategies, including risk transfer, mitigation, and acceptance. Finally, we will integrate climate risk management into our overall risk management system and continuously assess and update the effectiveness of strategies to ensure the sustainable development of the company's operations.
5. If conducting a scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and key financial impacts should be	The Company does not currently use scenario analysis to assess resilience to climate change risks.

Item	Implementation status
explained.	
6. If there is a transformation plan to manage climate-related risks, specify the content of the plan and the indicators and goals used to identify and manage physical risks and transformation risks.	The Company does not currently have a transformation plan for managing climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained.	The Company does not currently use internal carbon pricing
8. If there are climate-related goals set, explain the activities covered, scope of greenhouse gas emissions, planning timeline, progress achieved each year, etc. If carbon offsets or renewable energy certificates (RECs) are used to meet these goals, explain the sources and quantities of carbon offsets exchanged or the number of RECs obtained.	As of the date of publication of the annual report, the Company has not yet set climate-related goals.
9. Greenhouse gas inventory and assurance situation, reduction goals, strategies, and specific action plans (filled in separately in 1-1 and 1-2).	Our company will follow the schedule outlined in the "Sustainable Development Roadmap for Listed Companies" issued by the Financial Supervisory Commission. We plan to complete the inventory process in 2026 and 2027, and the verification process in 2028 and 2029.

1-1 Greenhouse Gas inventory and assurance in the last 2 years

1-1-1 Greenhouse Gas Inventory Information

Describe the recent two years' emissions of greenhouse gases (in metric tons CO2e), intensity (in metric tons CO2e per million dollars), and the scope of data coverage.
There is currently no relevant statistics on the Company's greenhouse gas emissions.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.
There is currently no relevant statistics on the Company's greenhouse gas emissions.

1-2 Reduction Targets, Strategies and Concrete Action Plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement status of the reduction goals.
The Company has not yet set greenhouse gas reduction targets and strategies.

(VII)The Company's implementation of ethical management and any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor:

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
I. Formulation of ethical management policies and plans				
(I) Has the company formulated an ethical management policy approved by the board of directors and disclosed the policy and practice of ethical management in its regulations and public documents? Are the board of directors and the senior management committed to actively implementing the policy?	V		(I) The Company has formulated the “Ethical Corporate Management Best Practice Principles” and the “Codes of Ethical Conduct”, which has been approved by the Board of Directors, to specify the policy of ethical management, prevent unethical conduct, and honor the Board of Directors and senior management’s commitment to actively implement the ethical management policy. The Company's “work rules” clearly stipulate that if the Company's employees “who wheel and deal and conceal the fact that they deceive people to obtain illegitimate benefits” or “whose negligence results in damage to the Company”, which have been proven to be true with specific evidence, they will be severely punished. The Company's “business philosophy” is integrity, professionalism, and sharing.	No major difference
(II) Has the company established an assessment mechanism for the risk of unethical conduct to regularly analyze and evaluate the business activities with high risk of unethical conduct within the business scope and formulated a prevention plan accordingly, at least covering the prevention measures for the acts under each subparagraph under Article 7, paragraph 2 of the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”?	V		(II) To ensure the implementation of ethical management, the Company has established an effective accounting system and an internal control system, and internal auditors will regularly check the compliance with said systems. We explicitly and strictly prohibit bribery.	No major difference
(III) Has the company clearly specified operating procedures, guidelines for conduct, and a violation punishment and complaint system in the unethical conduct prevention plan and duly implemented them? Does the company regularly review and revise said plan?	V		(III) We offer education and training to employees and raise their awareness from time to time, so that they can fully understand the Company's determination to operate business in good faith and our ethical management policies, prevention plans, and regulations. The Company's “Code of Conduct and Ethics” specifies the standard conduct that the our personnel should demonstrate and regulates relevant operating procedures and a reward and punishment system to prevent any violation and ensure ethical conduct in the operations.	No major difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
II. Implementation of ethical management (I) Does the company evaluate each counterparty's records for ethics? Has the company specified the terms of ethical conduct in each contract signed with each counterparty?	V		(I) In the procurement contract signed between the Company and each supplier, there is a term that "the supplier shall guarantee that no direct, indirect, or any other improper method is adopted explicitly or implicitly, and transactions with related parties are prohibited" to obtain the most reasonable quote and the best quality and service.	No major difference
(II) Has the company established a dedicated (concurrent) unit under the board of directors to conduct ethical corporate management, regularly (at least once a year) report to the board of directors on its ethical management policies and prevention plans for unethical conduct, and supervise the implementation?	V		(II) The General Manager's Office is the unit dedicated to corporate ethical management. It supervises all departments to implement corporate ethical management as per their duties and business scope, and the Audit Department reports any unusual incident to the Board of Directors. The latest report to the Board of Directors was on November 9, 2023. The reporting situation is as follows: The Company has designated the General Manager's Office as the unit in charge and has formulated and disclosed the "Ethical Corporate Management Best Practice Principles" and the "Codes of Ethical Conduct" in the human resources management system and on the company website for all employees to refer to.	No major difference
(III) Has the company formulated policies to prevent conflicts of interest, provided appropriate methods for stating one's conflicts of interest, and implemented them appropriately?	V		(III) The Company's "work rules" clearly stipulate that if any employees "who wheel and deal and conceal the fact that they deceive people to obtain illegitimate benefits" or "whose negligence results in damage to the Company", which have been proven to be true with specific evidence, they will be severely punished.	No major difference
(IV) Has the company has established an effective accounting system and an internal control system for the implementation of ethical management and assigned the internal audit unit to formulate relevant audit plans based on the assessment results of the risk of unethical conduct and audit the compliance with the unethical conduct prevention plan accordingly or commissioned a CPA to perform such audits?	V		(IV) To ensure the implementation of ethical management, the Company has established an effective accounting system and an internal control system, and internal auditors will regularly check the compliance with said systems.	No major difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(V) Does the company regularly hold internal and external education and training on ethical management?	V		(V) The company has established an "Integrity Code of Conduct" operating procedure, wherein management periodically advocates and fosters a unified belief among all employees during company meetings or educational training sessions. This is in accordance with relevant laws and regulations to ensure honest and ethical business practices. In the year 2023, the educational training course theme was "Integrity Operation Education and Training – Explanation of Integrity Operation Guidelines and Case Analysis," with a total of 15 participants (accounting for 38% of the total staff at the Taipei headquarters), with a total duration of 10 hours. We raise directors', managers', and employees' awareness of applicable laws and regulations by email at least once per year.	No major difference
III. Implementation of the Company's whistleblowing system				
(I) Has the company formulated a specific whistleblowing and reward system, established a convenient whistleblowing method, and assigned appropriate personnel to handle the party accused?	V		(I) The Company has established the "Illegal Conduct or and Violation Professional Ethics or Violation of Integrity Report Response Regulations". We have appointed a unit responsible for accepting reports in the case of any violations of relevant regulations on ethical management and formulated reporting channels and response procedures. The responsible unit will jointly review each report and impose punishment measures in accordance with the Company's human resources regulations if the report is proven to be true.	No major difference
(II) Has the company formulated standard operating procedures for investigation of reported cases, the follow-up measures to be taken after the investigation is completed, and a confidentiality mechanism?	V		(II) When we discover or receive a report of unethical conduct of our personnel, if the violation of applicable laws and regulations or the Company's ethical management policy and regulations is proven to be true, we will immediately request the perpetrator to stop the unethical conduct and handle it appropriately. We, if necessary, will seek damages through legal procedures to safeguard the Company's reputation and rights. All personnel involved in this process should honor an obligation to keep the entire process confidential in accordance with the operating procedures.	No major difference

Item	Operations			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Brief description	
(III) Does the company take measures to protect whistleblowers from being mistreated due to their whistleblowing behavior?	V		(III) We are responsible for protecting and keeping whistleblowers' identity confidential and ensure that they will not be improperly treated due to the whistleblowing.	No major difference
IV. Enhanced information disclosure Has the company disclosed the content of its Ethical Corporate Management Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	V		We have disclosed the contents of the Ethical Corporate Management Best Practice Principles on the company website and the MOPS and the implementation situation in the annual reports and the CSR reports.	No major difference
V. If the company has formulated its own Ethical Corporate Management Best Practice Principles as per the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", please specify the difference between its operation and the principles: The Company has formulated the Corporate Governance Best Practice Principles and implemented it in accordance with the content of the principles: Without any major difference.				
VI. Other important information that facilitates the understanding of the company's ethical management (e.g., reviewing and amending the company's Ethical Corporate Management Best Practice Principles): 1. We operate the business in an ethical manner and take "integrity" as the top priority of our corporate culture. We require all members of the Company to uphold the spirit of integrity and honesty during daily operations. We strive to make business operations transparent and be responsible to our shareholders. In addition, we have purchased fidelity insurance for our employees to reduce the risk of jeopardizing our shareholders' rights and interests. 2. We comply with the Company Act, the Securities and Exchange Act, the regulations on listing on Taiwan Stock Exchange and Taipei Exchange, or other laws and regulations on business conduct, as the basis for implementing ethical management. 3. The Company's "Rules of the Procedure for Board of Directors Meetings" has specified a mechanism for directors to recuse themselves from discussion and voting on proposals in board meetings, in which their person interest is involved and may jeopardize the Company's interest. while they may state their opinions and answer questions and shall not exercise their voting rights on behalf of other directors. 4. We have formulated the "Procedures for Handling Material Inside Information", which clearly requires directors, managers, and employees not to disclose material internal information they learn about to others and not to ask others or collect information from persons who are aware of the Company's material internal information, while personnel shall not disclose to others any undisclosed internal material information they learn about not during performing duties in the Company.				

(VIII) If the company has formulated the corporate governance best practice principles or relevant regulations, it shall disclose where to access it:

To implement the corporate governance system, we have formulated (amended) relevant regulations on corporate governance, which ae disclosed in "Relevant rules and regulations on corporate governance" under "Corporate Governance Procedures and Regulations", "Investors", "The Company", "Homepage" on the company website (https://www.agneovo.com) and the MOPS (https://mops.twse.com.tw/) for reference.

(IX) Other important information that may facilitate the understanding of the operation of corporate governance may be disclosed together:

1. The Company's important information is disclosed on the MOPS in accordance with competent authorities' regulations.

2. The current term of directors' continuing education

Job title	Name	Date elected	Date of training	Organizer	Course title	Hours of training
Chairman	Hua-Chung Pi	2021/07/21	2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
			2021/09/16	Securities and Futures Institute	Intellectual Property Management from the Perspective of the Board Of Directors	3
			2022/10/21	Securities and Futures Institute	2022 Insider Trading Prevention Advocacy Meeting	3
			2022/11/15	Taiwan Corporate Governance Association	Management Right Contest and Prevention Strategy Analysis	3
			2022/10/21	Securities and Futures Institute	2022 Insider Trading Prevention Advocacy Meeting	3
			2022/11/15	Taiwan Corporate Governance Association	Management Right Contest and Prevention Strategy Analysis	3
			2023/07/21	Taiwan Corporate Governance Association	How to Plan Equities and Design the Organizational Structure for a Start-up Company	3
			2023/09/08	Taiwan Corporate Governance Association	Initiation of a Succession Plan - Employee Remuneration Planning and Inheritance of Equities	3
			2024/01/19	Taiwan Corporate Governance Association	Design of Senior Manager Remuneration and ESG Performance Systems	3
Director	Representative of ShiueDing Investment Consultant Co., Ltd.: Yun Yu	2021/07/21	2021/06/08	Accounting Research and Development Foundation	Corporate Strategy Capability Improvement by Means of ESG	3
			2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
			2022/11/15	Taiwan Corporate Governance Association	Management Right Contest and Prevention Strategy Analysis	3
			2022/11/22	Taiwan Corporate Governance Association	Corporate Social Responsibility - Corporate Governance from the Human Rights Policy Perspective	3
			2023/08/15	Taiwan Corporate Governance Association	Patent Deployment and Litigation Practices	3
			2023/08/22	Taiwan Corporate Governance Association	Sustainability and Digital Dual-Axis Transformation	3
			2024/04/19	Taiwan Corporate Governance Association	Director Responsibilities in Ownership Disputes—Focus on Safeguarding Shareholder Rights	3
Director	Representative of ShiueDing Investment Consultant Co., Ltd.: Hsin-Yuan Chao	2021/07/21	2021/06/08	Accounting Research and Development Foundation	Corporate Strategy Capability Improvement by Means of ESG	3
			2021/08/31	Digital Governance Association	The International Trend of Net-Zero Emissions and Taiwan's Actions for Net-Zero Emissions	3
			2021/09/01	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum	3
			2022/03/09	Taiwan Institute of Directors	Leaders Academy Forum: Digital New Taiwan Under the New Reality	3
			2022/05/12	Taiwan Stock Exchange Corporation	International Twin Summit Online	2
			2022/10/28	Securities and Futures Institute	2022 Insider Trading Prevention Advocacy Meeting	3
			2023/07/18	Accounting Research and Development Foundation	2023 Transition Finance and Sustainability Disclosure	3
			2023/11/10	Taiwan Corporate Governance Association	Corporate Governance in the U.S.A.: Historical Evolution and the Latest Development	3
			2023/12/12	Taiwan Corporate Governance Association	Corporate Governance Summit XIX-Creating New Sphere of Governance for the Elevating Value of Enterprises	3
			2024/04/10	Taiwan Corporate Governance Association	Navigating the Journey of Corporate Wisdom: Guiding Forward through Corporate Governance	3
Director	Hung-Chun Yu	2021/07/21	2021/05/18	Accounting Research and Development Foundation	Investigation into the Flows of Funds in the Financial Reporting Fraud Cases and Case Study of Applicable Legal Liabilities	3
			2021/05/25	Accounting Research and Development Foundation	Common Corporate Governance Defects and Analysis of Applicable Laws and Regulations	3

			2022/03/08	Accounting Research and Development Foundation	Corporate Strategy Capability Improvement by Means of ESG	3
			2022/03/09	Accounting Research and Development Foundation	Financial Reporting Applicable Regulations and Common Defects	3
			2023/01/09	Accounting Research and Development Foundation	Amendments to Internal Control Guidelines, Information Security Law Compliance, and Fraud Prevention Practices	6
			2024/01/12	Taiwan Corporate Governance Association	Corporate Carbon Management Mindset after the Adoption of the Climate Change Response Act	3
			2024/01/19	Taiwan Corporate Governance Association	Designing Executive Compensation and ESG Performance System	3
Independent Director	Yang, Chyan	2021/07/21	2021/02/26	Securities and Futures Institute	Early Warning and Analysis of the Type of Corporate Financial Crisis	3
			2021/08/18	Securities and Futures Institute	Discussion on Human Resources and M&A Issues During the Process of Business M&A	3
			2022/05/12	Securities and Futures Institute	2022 ESG/CSR and Sustainable Governance Trends	3
			2022/06/17	Securities and Futures Institute	Financial information most easily overlooked by directors	3
			2022/08/11	Securities and Futures Institute	Company management right dispute and introduction to Commercial Case Adjudication Act	3
			2023/03/10	Taiwan Corporate Governance Association	Shareholders' Meeting, Management Right and Equity Strategies	3
			2023/04/14	Taiwan Corporate Governance Association	Legal Risks and Countermeasures of Corporate Investment and Financing - From the Perspective of Corporate Directors' Responsibilities	3
			2023/04/27	Taiwan Stock Exchange Corporation	Sustainable Development Action Plan Promotion Conference for TWSE/TPEx-listed Companies	3
			2023/04/28	Securities and Futures Institute	Early Warning and Analysis of the Type of Corporate Financial Crisis	3
Independent Director	Sha-Wei Chang	2021/07/21	2021/09/16	Securities and Futures Institute	Intellectual Property Management from the Perspective of the Board Of Directors	3
			2021/09/30	Taiwan Investor Relations Institute	Digital Transformation in the Post-pandemic Era	3
			2022/11/15	Taiwan Corporate Governance Association	Management Right Contest and Prevention Strategy Analysis	3
			2022/11/22	Taiwan Corporate Governance Association	Corporate Social Responsibility - Corporate Governance from the Human Rights Policy Perspective	3
			2023/10/27	Taiwan Corporate Governance Association	Family Charter and Family Office	3
			2023/12/22	Taiwan Corporate Governance Association	Linking to Carbon: Carbon Fees, Carbon Taxes, Carbon Rights and Carbon Trading	3
Independent Director	Kuo-Hua Chen	2021/07/21	2021/10/26	Taiwan Corporate Governance Association	Instructor of Taiwan Corporate Governance Association (Obligations and Responsibilities of Companies and Directors and Supervisors under the Securities and Exchange Act - 3 hours)	1
			2021/11/05	Taiwan Corporate Governance Association	Instructor of Taiwan Corporate Governance Association (Corporate Governance and the Duties and Responsibilities of the Person in Charge of a Company - 3 hours)	1
			2021/11/05	Taiwan Corporate Governance Association	Instructor of Taiwan Corporate Governance Association (Insider Trading Prevention and Response - 3 hours)	1
			2021/11/08	Taiwan Corporate Governance Association	Instructor of Taiwan Corporate Governance Association (Disclosures of Material Information and Responsibilities of Directors and Supervisors - 3 hours)	1
			2021/11/09	Taiwan Corporate Governance Association	Instructor of Taiwan Corporate Governance Association (Directors’ Fiduciary Duty and Business Judgment Principles - 3 hours)	1
			2021/11/12	Securities and Futures Institute	2021 Insider Trading Prevention Briefing	3
			2022/10/19	Taiwan Corporate Governance Association	M&A Practice and Case Analysis	1
			2022/11/10	Taiwan Corporate Governance Association	Responsibilities of Directors and Supervisors for False Financial Reports	1

			2022/11/15	Taiwan Corporate Governance Association	Management Right Contest and Prevention Strategy Analysis	3
			2022/12/06	Taiwan Corporate Governance Association	Major Company Information Disclosure & Responsibilities of Directors and Supervisors	1
			2023/02/21	Taiwan Corporate Governance Association	Instructor of Taiwan Corporate Governance Association (Disclosures of Material Information and Responsibilities of Directors and Supervisors)	1
			2023/10/31	Taiwan Corporate Governance Association	Case Study of Voting of Foreign Investors from the Perspective of Managerial Rights and Shareholder Activism - International Thinking on the Responsibilities of Directors and Supervisors	3
			2023/11/10	Taiwan Corporate Governance Association	Instructors of Taiwan Corporate Governance Association (insider Shareholding Management and Legal Share Trading Issues)	1
			2023/11/13	Taiwan Corporate Governance Association	Instructors of Taiwan Corporate Governance Association (Practical Issues on Unconventional Trading among Directors and Supervisors)	1

3. Training on corporate governance in which managers participated:

Job title	Manager	Course	Date of training	Training Hours
President	Hsin-Yuan Chao	Accounting Research and Development Foundation 2023 Transition Finance and Sustainability Disclosure	2023/07/18	9
		Taiwan Corporate Governance Association Corporate Governance in the U.S.A.: Historical Evolution and the Latest Development	2023/11/10	
		Taiwan Corporate Governance Association Corporate Governance Summit XIX- Creating New Sphere of Governance for the Elevating Value of Enterprises	2023/12/12	
Chief Financial Officer Chief Accounting Officer	Wan-Wei Lu	Accounting Research and Development Foundation Continuing Training Course for Accounting Officers from Publicly Listed Securities Firms and Stock Exchanges	2023/08/24 2023/08/25	12
Corporate Governance Officer	Wan-Wei Lu	Securities and Futures Institute 2023 Insider Trading Prevention Briefing	2023/06/09	12
		Taiwan Corporate Governance Association Corporate Carbon Right and Carbon Assets Management in Response to the Operation of the Global Carbon Trading Mechanism	2023/09/19	
		Accounting Research and Development Foundation Common Deficiencies of "Financial Report Review" and Practical Analysis of Important Internal Control Regulations	2023/09/20	
Chief auditor	Yi-Hsiu Lin	The Institute of Internal Auditors Relationship between Salary Cycle and Compliance with Labor Laws and Regulations	2023/08/15	12
		The Institute of Internal Auditors Discussion on "Insider Trading" and "False Financial Statements" and the Countermeasures	2023/09/07	

(X) Implementation of the internal control system

1. Statement of Internal Control

Associated Industries China, Inc.
Statement of the Internal Control System

Date: March 11, 2024

The Company's internal control system for 2023 as per the results of our self-assessment is hereby declared as follows:

I. The Company is clearly aware that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Company's Board of Directors and managers, and the Company has established such a system. It aims to provide reasonable assurance for the achievement of the objectives, namely the effectiveness and efficiency of operations (including profitability, performance, and asset security protection), the reliability, timeliness, and transparency of financial reporting, and compliance with applicable laws and regulations.

II. Some limitations are inherent in all internal control systems. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance regarding the achievement of the above three intended objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system is equipped with a self-monitoring mechanism. Once a defect is identified, the Company will take action to rectify it.

III. The Company judges whether the design and implementation of the internal control system is effective based on the criteria for judging the effectiveness of the internal control system set out in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). Said criteria under the "Regulations" are divided into five constituent elements as per the management and control process: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each constituent element includes several items. For said items, please refer to the "Regulations".

IV. The Company has adopted the aforesaid judgment criteria for the internal control system to determine whether the design and implementation of the internal control system are effective.

V. Based on the results of the assessment in the preceding paragraph, the Company believes that, as of December 31, 2023, the internal control system (including the supervision and management of its subsidiaries), including the understanding of the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the preceding objectives.

VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. The Company's Board approved this Director's statement on March 11 2024 Among the 7 directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Associated Industries China, Inc.

Chairman: Hua-Chung Pi Signature/Seal

President: Hsin-Yuan Chao Signature/Seal

2. For those who appointed a CPA to review the internal control system, the CPA's review report shall be disclosed: None.

(XI) Any legal penalty against the company and its internal personnel, any disciplinary penalty by the company against its internal personnel for violation of the internal control system, the main defects, and the improvement made during the most recent year and up to the publication date of this annual report: None.

(XII) Important resolutions by the shareholders' meeting and the Board of Directors in the most recent year and up to the publication date of the annual report:

1. Important resolutions by the 2023 general shareholders' meeting

Date of shareholders' meeting	Important resolutions and implementation
2023/06/20	1. Ratified the 2022 business report and financial statements 2. Ratified the 2022 deficit compensation proposal

2. The resolutions adopted by the 2023 shareholders meeting have been implemented thoroughly.

3. Important resolutions adopted by the Board of Directors during 2023 and up to the publication date of this annual report.

Date of board meeting	Proposal
2023/03/15	1. Passed the 2022 Business Report and financial statements 2. Passed the 2022 director's remuneration and employee remuneration distribution proposal 3. Passed the 2022 deficit compensation proposal 4. Passed the record date for capital reduction by taking back and cancelling restricted stock awards 5. Passed the proposal for matters related to the convening of the 2023 general shareholders meeting 6. Passed the amendments to the "Corporate Governance Best Practice Principles" 7. Passed the amendments to the "Sustainable Development Best Practice Principles" 8. Passed the proposal to apply to financial institutions for the renewal of financing facilities 9. Passed the Company's 2022 "internal control system effectiveness assessment" and "statement of the internal control system" proposal 10. Passed the Company's greenhouse gas inventory and verification schedule proposal. 11. Passed a proposal on the general principles of the Company's pre-approved non-assurance service policy. 12. Passed a proposal to update the 2022 restricted employee stock allotment and set the capital increase issuance base date 13. Passed a proposal regarding the maturity of the secured convertible corporate bonds issued by Taiwan Biophotonic Corporation (Taiwan Biophotonic) on April 11, 2022 14. Passed a proposal for the Company to increase investment in the subsidiary Taiwan Biophotonic.
2023/04/14	1. Passed the proposal on measures for the Company to subscribe for the secured convertible corporate bonds issued by Taiwan Biophotonic, and convert the bonds into common stocks on the maturity date. 2. Passed a proposal for the Company's President served as the president of the subsidiary Taiwan Biophotonic. 3. Passed a proposal to remove the non-compete clause for the Company's managers
2023/05/09	1. Passed the 1st quarter financial statements for 2023 2. Passed the amendments to the Company's "Corporate Governance Best Practice Principles" 3. Passed the amendments to the Company's "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct". 4. Passed the Company's greenhouse gas inventory and verification schedule proposal.
2023/08/09	1. Passed the 2nd quarter financial statements for 2023 2. Passed the proposal for establishment of the Company's "Regulations Governing Finance and Business Relations between Related Parties" 3. Approved the proposal for changes in the Company's internal auditing officer 4. Passed the proposal for the Company's regular assessment of the independence and suitability of the CPAs appointed
2023/11/09	1. Passed the 3rd quarter financial statements for 2023 2. Passed the Company's 2024 business plan 3.Passed the proposal for review of the 2023 4. Passed a proposal on the general principles of the Company's pre-approved non-assurance service policy. 5. Passed the proposal to implement the capital increase of AG Neovo Technology (Shanghai) Corporation through the subsidiary AG NEOVO INTERNATIONAL LTD.

	6. Passed proposal for amendment to the Company's "Ethical Corporate Management Best Practice Principles" 7. Passed the proposal for amendment to the Company's "Procedures for Handling Cases of Illegal and Unethical or Dishonest Conduct". 8. Passed the proposal for amendment to the Company's "Risk Management Policy" and the change of the name to "Risk Management Policy and Procedure" 9.Passed the regular review of the Company's salary and remuneration policy 10. Passed the Company's 2024 audit plan
2024/03/11	1. Passed the 2023 Business Report and financial statements 2. Passed the 2023 director's remuneration and employee remuneration distribution proposal 3. Passed the 2023 deficit compensation proposal 4. Passed the election of all directors 5. Passed the proposal for matters related to the convening of the 2024 general shareholders meeting 6. Passed the nomination for and resolution on the list of director candidates 7. Passed the proposal to remove the non-compete clause for new directors 8. Approved the amendments to the Company's "Implementation Rules of the Regulations Governing the Repurchase of Shares for Transfer to Employees" 9. Passed the matters regarding the 1st and 2nd repurchase of shares for transfer to employees in 2019 10. Passed the 1st and 2nd repurchase of shares for transfer to employees in 2019 11. Passed the proposal for the next term of directors' remuneration 12. Passed the proposal for promotion of managers and adjustment of managers' salary and remuneration 13. Passed the proposal for changes in CPAs for the financial reports 14. Passed the proposal regarding the application for conversion of the subscribed secured convertible corporate bonds issued by the subsidiary, Taiwan Biophotonic Corporation (Taiwan Biophotonic), in 2023 15. Passed a proposal for the Company to increase investment in the subsidiary Taiwan Biophotonic. 16. Passed the proposal for change in the fair value model for the subsequent evaluation of the investment property 17. Passed the amendments to the "Audit Committee Charter" 18. Passed the amendments to the "Rules of the Procedure for Board of Directors Meetings" 19. Passed the proposal to apply to financial institutions for the renewal of financing facilities 20. Passed the Company's 2023 "internal control system effectiveness assessment" and "statement of the internal control system" proposal
2024/05/08	1. Passed the 1st quarter financial statements for 2024 2. Approved the establishment of the criterion for restricting the redemption and cancellation of new shares granted to employees. 3. Approved the company's proposal to apply for the renewal of financing facilities from financial institutions.

(XIII) During the most recent year and up to the date publication of this annual report, if the directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None.

(XIV) During the most recent year and up to the date publication of this annual report, a summary of the resignation and dismissal of the Company's Chairman, President, chief accounting officer, chief financial officer, chief internal auditor, corporate governance officer, or R&D officer:

Job title	Name	Date of taking office	Date of dismissal	Reasons for resignation or dismissal
Chief internal auditor	An-Mei Chen	2009/07/10	2023/08/09	Job adjustment

V. Information on the Company’s audit fees

(I) CPAs’ audit fees

Unit: NTD thousand

Name of accounting firm	CPA's name	Audit period	Audit fees	Non-audit fees	Total	Remarks
KPMG	Chu, Yao-Chun	2023/01/01～2023/12/31	2,330	520	2,850	Non-audit fees: Tax certification services, salary review for non-managers
	Kuo, Kuan-Ying	2023/01/01～2023/12/31				

(II) If the CPA firm is replaced and the audit fees paid during the year the replacement occurs are less than those paid in the prior year, the amount for the decrease in the audit fees and the reason thereof shall be disclosed: N/A.

(III) When the audit fees paid for the current year are lower than those paid for the prior year by 10% or more, the amount and percentage of the decrease and thereof shall be disclosed: N/A.

VI. Replacement of CPAs: None.

(I) Information on former CPAs:

<table>
<tr><td>Date of Change</td><td colspan="5">Passed by the board of directors on March 11, 2024.</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="5">Due to internal adjustments at KPMG Taiwan, our original visa accountants were Accountants Au, Yiu Kwan and Kuo, Kuan Ying. Starting from the first quarter of 113, the visa accountants have been adjusted and changed to Accountants Au, Yiu Kwan and Huang, Geng Jia.</td></tr>
<tr><td rowspan="3">State Whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td colspan="3">Counterparty
Situation</td><td>Certified Public Accountant</td><td>Consignor</td></tr>
<tr><td colspan="3">Appointment terminated automatically</td><td>None</td><td>None</td></tr>
<tr><td colspan="3">Appointment rejected (discontinued)</td><td>None</td><td>None</td></tr>
<tr><td>The Opinions Other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions</td><td colspan="5">None</td></tr>
<tr><td rowspan="7">Is There Any Disagreement in Opinion with
the Issuer</td><td rowspan="5">Yes</td><td></td><td colspan="3">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="3">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="3">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="3">Others</td></tr>
<tr><td></td><td colspan="3"></td></tr>
<tr><td>None</td><td colspan="4">✓</td></tr>
<tr><td colspan="5">Explanation: None</td></tr>
<tr><td>Supplementary Disclosure</td><td colspan="5">None</td></tr>
</table>

(II) Information on new CPAs:

Accounting Firm	KPMG Taiwan
Name of independent auditor	Au, Yiu Kwan and Huang, Geng Jia.
Date of Engagement	Passed by the board of directors on March 11, 2024.
Accounting treatment methods or accounting principles for specific transactions, and advisory matters and results that may be issued for financial reporting prior to appointment	None
Written opinions of the successor CPAs on matters of disagreement with the predecessor CPAs	None

(III) Reply from the former CPAs: N/A.

VII. The Chairman, President, Chief Financial Officer, or Accounting Manager, who the CPA firm or its affiliates have employed in the most recent year: None.

VIII. The changes in the transfer or pledge of equity shares by directors, supervisors, managers, or shareholders holding more than 10% of the shares issued by the Company in the most recent year and up to the publication date of this annual report:

(I) Movements in shareholdings of directors, supervisors, managers, and major shareholders

Unit: Share

Title	Name	2023		2024 up to April 22	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Pi, Hua-Chung	0	0	0	0
Director	ShiueDing Investment Consultant Co., Ltd.	0	0	0	0
	Representative: Yun Yu	0	0	0	0
Director	ShiueDing Investment Consultant Co., Ltd.	0	0	0	0
	Representative: Hsin-Yuan Chao	0	0	400,000	0
Director	Hung-Chun Yu	0	0	400,000	0
Independent Director	Chen, Kuo-Hua	0	0	0	0
Independent Director	Yang, Chyan	0	0	0	0
Independent Director	Chang, Sha-Wei	0	0	0	0
President	Chao, Hsin-Yuan	0	0	0	0
Assistant Vice President	Lin, Han-Lin	0	0	170,000	0
Assistant Vice President	Chu, Pao-Jung	0	0	25,000	0
Assistant Vice President	Shih, Ju-Ling	0	0	200,000	0
Assistant Vice President	Chen, Chia-Hsin	0	0	200,000	0
Major shareholder	Investment account of Tri-Tech Holding Inc in custody of CTBC Bank Co., Ltd.	(75,000)	0	0	0
Vice General Manager, Chief Financial Officer, Chief Accounting Officer, and Corporate Governance Officer	Lu, Wan-Wei	0	0	200,000	0

Description 1: Shareholders holding more than 10% of the Company's total issued shares shall be marked as major shareholders and listed separately.

Description 2: If the counterparty to which the equity is transferred or for whom equity is pledged is a related party, the table below shall also be filled out.

(II) Equity transfer information (relations between the transaction counterparty and the Company/directors/supervisors/managers/ shareholders holding more than 10% of the shares): N/A.

(III) Information on equity pledged (relations between the transaction counterparty and the Company/directors/supervisors/managers/ shareholders holding more than 10% of the shares): N/A.

IX. Information on the relationship among the top 10 shareholders if anyone is a related party, a spouse, or a relative within the second degree of kinship of another:

Unit: Shares; %

Name (Note)	Shareholding of the individual Shareholding		Shareholding of spouse or minor children		Total shareholding by nominee arrangement		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names.		Remarks
	Number of shares	Shareholding	Number of shares	Shareholding	Number of shares	Shareholding	Title (or name)	Relations	
Investment account of Tri-Tech Holding Inc in custody of CTBC Bank Co., Ltd.	8,011,294	14.51%	0	0%	0	0%	None	None	None
Pi, Hua-Chung	3,502,541	6.34%	0	0%	0	0%	None	None	None
Employee stock ownership trust of Associated Industries China, Inc. in custody of First Commercial Bank	1,835,816	3.33%	0	0%	0	0%	None	None	None
Trust account of restricted stock with voting rights and right to receive dividends for employees of Associated Industries China, Inc. in custody of First Commercial Bank	1,804,000	3.27%	0	0%	0	0%	None	None	None
Hsiao, Hsin-Chuan	1,774,132	3.21%	0	0%	0	0%	None	None	None
Yu, Yun	1,465,356	2.65%	77	0%	0	0%	None	None	None
Yang, Kun-Hsi	1,290,000	2.34%	0	0%	0	0%	None	None	None
Wen, Shun-Mei	1,265,512	2.29%	0	0%	0	0%	None	None	None
Chao, Hsin-Yuan	1,022,757	1.85%	0	0%	0	0%	None	None	None
Li, Han-Jung	945,000	1.71%	0	0%	0	0%	None	None	None

Note; The book closure date is April 22, 2024.

X. The total number of shares held and the consolidated shareholdings in any single investee by the Company, its directors, supervisors, managers, or any companies controlled directly or indirectly by the Company.

December 31, 2023 unit; %

Reinvestment Business (note)	Investment by the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company		Combined investment	
	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding
AG Neovo Technology B.V.	4,800	100%	0	0%	4,800	100%
AG Neovo International Ltd.	800	100%	0	0%	800	100%
AG Neovo Technology Corp.	0	0%	702,000	100%	702,000	100%
AG Neovo Investment Co., Ltd.	500	100%	0	0%	500	100%
AG Neovo Technology (Shanghai) Corporation	0	0%	0	100%	0	100%
Taiwan Biophotonic Corporation	198,734,180	57%	0	0%	198,734,180	57%

Note: It is an investment made by the Company using the equity method.

Four. Capital and Shares

I. Capital and shares

(I) Source of share capital

1. The formation of share capital

April 22, 2024 Unit: share/NTD

Year/Month	Issue price	Authorized capital		Paid-up share capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Equity	Capital increased by assets other than cash	Others
1978.05	10	1,000,000	10,000,000	1,000,000	10,000,000	Initial capital of NT$10,000,000	None	Jian-I No. 100113
1978.12	10	3,600,000	36,000,000	3,600,000	36,000,000	Cash capital increase by NT$26,000,000	None	Jing-(1978)-Shang No. 41751 dated 1978.12.29
1979.04	10	5,000,000	50,000,000	5,000,000	50,000,000	Cash capital increase by NT$14,000,000	None	Jing-(1979)-Shang No. 11047 dated 1979.04.12
1979.08	10	6,000,000	60,000,000	6,000,000	60,000,000	Cash capital increase by NT$10,000,000	None	Jing-(1979)-Shang No. 27536 dated 1979.08.28
1980.01	10	8,000,000	80,000,000	8,000,000	80,000,000	Cash capital increase by NT$20,000,000	None	Jing-(1980)-Shang No. 01504 dated 1980.01.15
1980.11	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase by NT$20,000,000	None	Jing-(1980)-Shang No. 40231 dated 1980.11.20
1981.06	10	14,000,000	140,000,000	14,000,000	140,000,000	Cash capital increase by NT$40,000,000	None	Jing-(1981)-Shang No. 22526 dated 1981.06.08
1984.01	10	20,000,000	200,000,000	20,000,000	200,000,000	Cash capital increase by NT$60,000,000	None	Jing-Zi-Xin No. 0140 dated 1984.01.19
1988.01	10	22,000,000	220,000,000	22,000,000	220,000,000	Capitalization of capital surplus to increase the capital by NT$20,000,000.	None	Jing-Tou-Shen-(1988)-Gong-Shang No. 1200
1989.05	10	28,000,000	280,000,0000	28,000,000	280,000,000	Capitalization of capital surplus to increase the capital by NT$20,000,000. Capitalization of earnings to increase the capital by NT$40,000,00	None	Jing-Tou-Shen-(1989)-Gong-Shang No. 2862
1989.08	10	40,000,000	400,000,000	40,000,000	400,000,000	Cash capital increase by NT$120,000,000	None	Tai-Cai-Zeng-(I) No. 24749 dated 1989.08.04
1990.09	10	51,000,000	510,000,000	51,000,000	510,000,000	Capitalization of capital surplus to increase the capital by NT$40,000,000 Capitalization of earnings to increase the capital by NT$70,000,000	None	Tai-Cai-Zeng-(I) No. 01704 dated 1990.07.26
1991.07	10	80,000,000	800,000,000	58,650,000	586,500,000	Capitalization of earnings to increase the capital by NT$76,500,000	None	Tai-Cai-Zeng-(I) No. 01265 dated 1991.06.21
1992.07	10	80,000,000	800,000,000	68,913,750	689,137,500	Capitalization of earnings to increase the capital by NT$102,637,500	None	Tai-Cai-Zeng-(I) No. 01330 dated 1992.06.20
1993.09	10	80,000,000	800,000,000	80,000,000	800,000,000	Capitalization of capital surplus to increase the capital by NT$44,705,300 Capitalization of earnings to increase the capital by NT$66,157,200	None	Tai-Cai-Zeng-(I) No. 01440 dated 1993.06.17
1994.07	10	110,000,000	1,100,000,000	87,986,800	879,868,000	Capitalization of capital surplus to increase the capital by NT$47,868,000	None	Tai-Cai-Zeng-(I) No. 25211 dated 1994.06.07

						Capitalization of earnings to increase the capital by NT$32,000,000		
1995.07	10	110,000,000	1,100,000,000	90,626,404	906,264,040	Capitalization of capital surplus to increase the capital by NT$10,558,416 Capitalization of earnings to increase the capital by NT$15,837,624	None	Tai-Cai-Zeng-(I) No. 32877 dated 1995.06.06
1996.11	10	110,000,000	1,100,000,000	110,000,000	1,100,000,000	Cash capital increase by NT$193,735,960	None	Tai-Cai-Zeng-(I) No. 59594 dated 1996.10.21
1998.11	10	200,000,000	2,000,000,000	140,000,000	1,400,000,000	Cash capital increase by NT$300,000,000	None	Tai-Cai-Zeng-(I) No. 85208 dated 1998.10.14
1999.08	10	200,000,000	2,000,000,000	151,200,000	1,512,000,000	Capitalization of capital surplus to increase the capital by NT$84,000,000 Capitalization of earnings to increase the capital by NT$28,000,000	None	Tai-Cai-Zeng-(I) No. 62291 dated 1999.07.07
2005.03	10	200,000,000	2,000,000,000	88,400,000	884,000,000	Capital reduction of NT$628,000,000	None	Jin-Guan-Zheng-I No. 0940103714 dated 2005.02.04
2006.08	10	200,000,000	2,000,000,000	46,087,361	460,873,610	Capital reduction of NT$423,126,390	None	Jin-Guan-Zheng-I No. 0950128285 dated 2006.08.04
2013.09	10	200,000,000	2,000,000,000	49,971,971	499,719,710	Capitalization of earnings to increase the capital by NT$23,043,680 Capitalization of employee bonus to increase the capital by NT$15,802,420	None	Jin-Guan-Zheng-I No. 1020028153 dated 2013.07.25
2014.09	10	200,000,000	2,000,000,000	52,470,569	524,705,690	Capitalization of earnings to increase the capital by NT$24,985,980	None	Jin-Guan-Zheng-I No. 1030027392 dated 2014.07.17
2014.11	10	200,000,000	2,000,000,000	53,840,569	538,405,690	Issuance of restricted stock awards to increase the capital by NT$13,700,000	None	Jin-Guan-Zheng-I No. 1030038905 dated 2014.09.30
2015.09	10	200,000,000	2,000,000,000	53,966,569	539,665,690	Issuance of restricted stock awards to increase the capital by NT$1,260,000	None	Jin-Guan-Zheng-I No. 1030038905 dated 2014.09.30
2015.11	10	200,000,000	2,000,000,000	53,512,569	535,125,690	Cancelled restricted stock awards to reduced the capital by NT$4,540,000	None	Jing-Shou-Shang No. 10401251160 dated 2015.11.25
2016.11	10	200,000,000	2,000,000,000	53,162,569	531,625,690	Cancelled restricted stock awards to reduced the capital by NT$3,500,000	None	Jing-Shou-Shang No. 10501270630 dated 2016.11.23
2017.11	10	200,000,000	2,000,000,000	52,804,769	528,047,690	Cancelled restricted stock awards to reduced the capital by NT$3,578,000	None	Jing-Shou-Shang No. 10601158110 dated 2017.11.21
2018.11	10	200,000,000	2,000,000,000	52,478,969	524,789,690	Cancelled restricted stock awards to reduced the capital by NT$3,258,000	None	Jing-Shou-Shang No. 10701145010 dated 2018.11.22
2019.01	10	200,000,000	2,000,000,000	54,358,969	543,589,690	Issuance of restricted stock awards to increase the capital by NT$18,800,000	None	Jing-Shou-Shang No. 10801013830 dated 2019.01.31
2019.11	10	200,000,000	2,000,000,000	54,350,569	543,505,690	Cancelled restricted stock awards to reduced the capital by NT$84,000	None	Jing-Shou-Shang No. 10801166080 dated 2019.11.15
2020.04	10	200,000,000	2,000,000,000	53,806,569	538,065,690	Cancelled restricted stock awards to reduced the capital by NT$5,440,000	None	Jing-Shou-Shang No. 10901051280 dated 2020.04.07
2021.01	10	200,000,000	2,000,000,000	55,006,569	550,065,690	Issuance of restricted stock awards to increase the capital by NT$12,000,000	None	Jing-Shou-Shang No. 11001014140 dated 2021.01.29
2021.04	10	200,000,000	2,000,000,000	54,624,569	546,245,690	Cancelled restricted stock awards to reduced the capital by NT$3,820,000	None	Jing-Shou-Shang No. 11001055140 dated 2021.04.06
2022.04	10	200,000,000	2,000,000,000	54,532,569	545,325,690	Cancelled restricted stock awards to reduced the capital by NT$920,000	None	Jing-Shou-Shang No. 11101053780 dated 2022.04.11

112/04	10	200,000,000	2,000,000,000	53,918,569	539,185,690	Cancelled restricted stock awards to reduce the capital by NT$6,140,000	None	Jing-Shou-Shang No. 11230051750 dated 2023.04.07
112/05	10	200,000,000	2,000,000,000	55,218,569	552,185,690	Issuance of restricted stock awards to increase the capital by NT$13,000,000	None	Jing-Shou-Shang No. 11230075030 dated 2023.05.01

2. Share type April 22, 2024; Unit: Shares

Share type	Authorized capital			Remarks
	Number of shares issued	Unissued shares	Total	
Regular Shares	55,218,569	144,781,431	200,000,000	55,218,569 issued shares

3. Information on shelf registration: N/A.

(II) Shareholder structure

April 22, 2024 (Unit: person/share)

Shareholder structure / Number	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and individuals	Total
No. of People	0	0	247	45,067	42	45,356
Number of shares held	0	0	4,277,849	42,325,345	8,615,375	55,218,569
Shareholding	0.00%	0.00%	7.75%	76.65%	15.60%	100.00%

(III) Equity dispersion

1. Common stock

April 22, 2024

Classification of shareholdings	Number of shareholders	Number of shares held	Shareholding ratio
1 ～ 999	41,298	1,684,239	3.05%
1,000 ～ 5,000	3,203	6,209,445	11.25%
5,001 ～ 10,000	409	3,073,065	5.57%
10,001 ～ 15,000	148	1,828,094	3.31%
15,001 ～ 20,000	59	1,041,925	1.89%
20,001 ～ 30,000	80	2,034,410	3.68%
30,001 ～ 40,000	27	955,909	1.73%
40,001 ～ 50,000	25	1,183,420	2.14%
50,001 ～ 100,000	57	4,112,543	7.45%
100,001 ～ 200,000	21	2,721,061	4.93%
200,001 ～ 400,000	12	3,092,008	5.60%
400,001 ～ 600,000	4	2,135,257	3.86%
600,001 ～ 800,000	2	1,325,785	2.40%
800,001 ～ 1,000,000	2	1,850,000	3.35%
1,000,001 Above	9	21,971,408	39.79%
Total	45,356	55,218,569	100.00%

2. Preference shares: N/A.

(IV) List of major shareholders (names of shareholders whose shareholding exceeds 5% or shareholders whose shareholdings rank in the top ten, number of shares held, and shareholding (%))

April 22, 2024

Shares / Name of major shareholder	Shareholdings	Shareholding ratio
Investment account of Tri-Tech Holding Inc in custody of CTBC Bank Co., Ltd.	8,011,294	14.51%
Pi, Hua-Chung	3,502,541	6.34%
Employee stock ownership trust of Associated Industries China, Inc. in custody of First Commercial Bank	1,835,816	3.33%
Trust account of restricted stock with voting rights and right to receive dividends for employees of Associated Industries China, Inc. in custody of First Commercial Bank	1,804,000	3.27%
Hsiao, Hsin-Chuan	1,774,132	3.21%
Yu, Yun	1,465,356	2.65%
Yang, Kun-Hsi	1,290,000	2.34%
Wen, Shun-Mei	1,265,512	2.29%
Chao, Hsin-Yuan	1,022,757	1.85%
Li, Han-Jung	945,000	1.71%

(V) Market price per share, earnings, dividends, and relevant information in the most recent two years

Unit: Share/NT$

Items \ Year			2022	2023	Current year up to 2024.3.31 (Note 8)
Market price per share (Note 1)	Highest		15.20	12.85	14.10
	Lowest		8.48	9.04	10.70
	Average		9.92	10.25	12.32
Book value per share (Note 2)	Before distribution		8.10	7.66	8.76
	After distribution		8.10	Note 9	N/A
Earnings per share	Weighted average number of shares		50,489,112	50,654,569	50,654,569
	Earnings per share (Note 3)		(0.27)	(0.59)	(0.34)
Earnings Dividend per share	Cash dividend		None	None	N/A
	Stock grants from earnings	Dividend from earnings	None	None	N/A
	Stock dividend	Dividend from capital surplus	None	None	N/A
	Cumulative unpaid dividends (Note 4)		None	None	N/A
Analysis of return on investment	Price to earnings ratio (Note 5)		-	-	N/A
	Price to dividend ratio (Note 6)		None	None	N/A
	Cash dividend yield (Note 7)		None	None	N/A

*In the case of capitalization of earnings or capital surplus for dividends, the information on the market price and cash dividends retrospectively adjusted depending on the number of issued shares shall be disclosed.

Note 1: The highest and lowest market prices of ordinary shares in each year shall be listed, and the average market price for each year calculated as per the transaction value and volume for each year.

Note 2: The number of issued shares at the end of each year shall prevail, and fill out the table as per the resolutions adopted by the Board of Directors or the shareholders' meeting in the following year.

Note 3: If retrospective adjustment is required due to stock dividends paid out, the earnings per share before and after the adjustment shall be listed.

Note 4: If the undistributed dividends for a year may be accumulated and not be distributed until a year with earnings available as stipulated in the equity securities regulations, the cumulative unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price to earnings ratio = Average closing price per share for the year/earnings per share. (Symbol "-" means negative for a value.)

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

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

Note 8: The book value per share and earnings per share audited (reviewed) by the CPAs up to the most recent quarter prior to the publication date of this annual report shall be entered; the information for other fields up to the year, in which this annual report is published, shall be entered.

Note 9: It will be finalized by the resolution of the shareholders' meeting.

(VI) Dividend policy and implementation

1. The dividend policy stipulated in the Articles of Incorporation.

Earnings concluded in a year are first subject to taxation and offsetting of accumulated deficit, followed by a 10% provision for legal reserve. However, no further provision of legal reserve is required if the Company has accumulated legal reserve to an amount equal to paid-up capital. In addition, the legal reserve shall be allocated or reversed in accordance with laws and regulations or regulations provided by the competent authority. For any remaining amount, along with the accumulated undistributed earnings, the Board of Directors shall make the dividend distribution proposal and submit to the Shareholders' Meeting for approval by resolution.

The Company shall adopt the residual dividend policy, whereby the distribution of dividend for the year shall take into consideration the operational development scale and cash flow needs in the future, whilst maintaining an appropriate amount of accumulated distributable earning that is not lower than 50% of the distributed dividend. Furthermore, at least 10% of the dividend distributed shall be in the form of cash dividend.

2. The distribution of dividends proposed at the shareholders' meeting. When major changes in the dividend policy are expected, an explanation shall be provided:
No dividend was paid out for 2023.

(VII) The influence of the stock dividend proposed at the shareholders' meeting on the Company's operating performance and earnings per share: N/A.

(VIII) Employee remuneration and directors' remuneration:

1. The percentage of the profit for or scope of employee remuneration and directors' remuneration as stated in the Company's Articles of Incorporation:

Depending on the profitability of the year, the Company shall appropriate not lower than 10% of the profit as employee compensation and not more than 2% as Director remuneration. However, profits must first be used to offset accumulated deficit.

The distribution of the aforementioned employee compensation, whether in the form of stocks or cash, shall be determined by the Board of Directors by resolution. The recipients of the employee compensation include eligible employees of the entities controlled by the Company or subordinate companies which have fulfilled certain criteria, as formulated by the Board of Directors.

The distribution of employee compensation and director remuneration shall be authorized by the Board meetings that are attended by two-thirds of directors, and approved by resolution by a majority of director present.

2. Basis for estimation of employee remuneration and directors' remuneration in this period, basis for the calculation of the number of shares for stock dividends to employees, and accounting treatment if the amount paid out is different from the estimated amount:
   - The employee remuneration and directors' remuneration in this period is estimated based on the Company's pre-tax net income for this period before employee remuneration and directors' remuneration are deducted, multiplied by the percentage of the profit for or scope of employee remuneration and directors' as stipulated in the Company's Articles of Incorporation.
   - Where employee remuneration is distributed in stock, it is calculated with the closing price of ordinary shares on the day before the resolution by of the Board of Directors to distribute employee remuneration.
   - Where there is a difference between the actual amount paid out and the estimated amount, it will be treated as a change in accounting estimates, and the difference will be recognized in profit or loss in the following year.

3. The distribution remuneration approved by the Board of Directors:

3.1 The amount of employee remuneration and directors' remuneration distributed in cash or stock. Where there is a difference with the estimated amount for the year in which the expenses are recognized, the amount of difference, reason, and accounting treatment shall be disclosed: It is not estimated as the Company's had a net loss before tax in 2023.

3.2 The amount of employee remuneration in stock as a percentage of the sum of net income after tax as in the standalone or individual financial statement for this period and the total employee dividends for this period: It is not estimated as the

Company’s had a net loss before tax in 2023.

4. The report on the distribution of remuneration to the shareholders' meeting and the result: There was no distribution as the Company’s had a net loss before tax in 2023.
5. Where there is a difference between the employee remuneration and directors’ and supervisors’ remuneration for the prior year (including the number of shares distributed, amount, and stock price), the amount of the difference, reason, and accounting treatment shall also be specified: The Company's had a net loss before tax in 2022. So there was no estimation.

(IX) The repurchase of the Company's shares (repurchase completed):

Session of repurchase	First	Second
Purpose of repurchase	To transfer shares to employees	To transfer shares to employees
Repurchase period	2019.05.09–2019.07.08	2019.08.08–2019.10.07
Range of repurchase price	NT$6.26 –NT$13.63 per share	NT$5.85–NT$13.39 per share
Type and quantity of shares repurchased (share)	1,500,000 ordinary shares	1,260,000 ordinary shares
Amount of shares repurchased	NT$13,633,854	NT$11,196,842
The number of the shares repurchased as a percentage of the number scheduled to be repurchased (%)	100%	84%
Number of shares cancelled and transferred (share)	1,500,000 shares	1,260,000 shares
Cumulative number of the Company’s shares held (shares)	0 shares	0 shares
Cumulative number of the Company’s shares held as a percentage of the Company’s total issued shares (%)	0.00%	0.00%
The date of transfer	2024/04	2024/04
The price of transfer	NTD 9.09 per share.	NTD 8.89 per share

(Note) The cumulative number of the Company’s shares held as a percentage of the Company’s total issued shares is calculated based on the total issued shares of 55,218,569 shares.

II. Issuance of corporate bonds: None.

III. Issuance of preference shares: None.

IV. Issuance of depository receipts: None.

V. Issuance of employee stock warrants: None.

VI. Issuance of restricted stock awards:

(I) Regarding the restricted stock awards that have been fully vested, the vesting situation and the impact on shareholders' rights and interest as of the publication date of this annual report shall be disclosed

May 31, 2024; Unit: Share

Type of restricted stock award	2020 restricted stock award	2022 restricted stock award
Filing effective date and total number of shares	2020.10.13 / 1,200,000 shares	2022.10.13 / 1,350,000 shares
Date of issue	2021.01.11	112.04.20
Number of restricted stock award issued (share)	1,200,000 shares	1,300,000 shares
Quantity of new restricted shares that can be issued for subscription by employees	0 shares	50,000 shares
Issue price	NT$0 (free issue)	NT$0 (free issue)
Restricted stock award issued as a percentage of total issued shares	2.17%	2.35%
Vesting conditions for restricted stock awards	Vesting conditions: 1. The Company shall adopt the operating revenue and after-tax net income as in the financial statement for the most recent year after the vesting date as performance indicators: (1) One-year lapse: The operating revenue grows by more than 10% (inclusive) as compared to the preceding year. (2) Two-year lapse: The operating revenue grows by more than 10% (inclusive) as compared to the preceding year. (3) Three-year lapse: The after-tax net profit grows by more than 10% (inclusive) as compared to the preceding year. (4) Four-year lapse: The after-tax net profit grows by more than 10% (inclusive) as compared to the preceding year. 2. When the Company's performance targets in the preceding paragraph are achieved, the employees should still be employed when such targets are achieved after being granted the restricted stock awards, while reaching their personal annual performance targets. The Company's performance evaluation grades are divided into five levels: superior, excellent, A, B, and C as per the performance evaluation and scoring standards. General employees who have been granted the restricted stock awards should be rated A or higher in each year's performance evaluation. Strategic key employees should be rated excellent or higher. The maximum percentage of shares that can be vested in each year is as follows:	Vesting conditions: 1. The Company shall adopt the operating revenue and after-tax net profit of the audited financial statement for the most recent year after the vesting date as performance indicators: (1) One-year lapse: The operating revenue grows by more than 10% (inclusive) as compared to the preceding year. (2) Two-year lapse: The operating revenue grows by more than 10% (inclusive) as compared to the preceding year. (3) Three-year lapse: The after-tax net profit grows by more than 10% (inclusive) as compared to the preceding year. (4) Four-year lapse: The after-tax net profit grows by more than 10% (inclusive) as compared to the preceding year. (2) In the context of meeting the preceding performance indicators and in the event that the employee remains employed after the restricted stock award received are vested, one year prior to the following periods, the employee is deemed to have met the vesting conditions if the individual performance appraisal and work results meet the individual performance standard established by the Company; employees who do not meet the individual performance standard are deemed not have met the vesting conditions. The Company's performance evaluation grades are divided into five levels: superior, excellent, A, B, and C as per the performance evaluation and scoring standards. General employees who have been granted the restricted stock

Type of restricted stock award	2020 restricted stock award	2022 restricted stock award
	One-year lapse: 20%; two-year lapse: 20% Three-year lapse: 30%; four-year lapse: 30%	awards should be rated A or higher in each year's performance evaluation. Strategic key employees should be rated excellent or higher. The maximum percentage of shares that can be vested in each year is as follows: One-year lapse: 20%; two-year lapse: 20%; three-year lapse: 30%; four-year lapse: 30%.
Restricted rights of restricted stock awards	1. Following distribution of new shares and until vesting conditions are met, except for inheritance, the restricted employee shares shall not be sold, pledged, transferred, gifted to others, configured as a guarantee or disposed via other means. Following the employee meeting vesting conditions, as per the custodial trust agreement, the shares shall be entrusted from the trust account to the individual employee depository account. 2. Apart from the aforementioned restricted rights, in accordance with these Procedures, following distribution of new shares and until vesting conditions are met, other rights and obligations (including participation of bonus shares and dividend, voting and election rights at Shareholders' Meeting, etc.) are identical with common stocks issued by the Company. 3. The attendance, proposal making, speech, voting and election rights, and other shareholder rights shall be executed by trust custodian as per the custodial trust agreement. 4. Following distribution of new shares and until vesting conditions are met, the employee may participate in distribution of bonus shares and dividend. However, the bonus shares and dividend shall be delivered to the trust custodian. Until vesting conditions are met, the cash dividend, bonus shares and cash surplus (shares), etc. distributed, the Company may redeem the cash distributed and cancel the shares without compensation in accordance with the relevant regulations. Following the employee meeting vesting conditions, as per the custodial trust agreement, the bonus shares or dividend shall be entrusted from the trust account to the individual employee depository account (cash dividend shall be disbursed to the individual bank account of the employee).	
Restricted stock awards in custody	Restricted stock awards are kept in trust	
Method of handling the restricted stock awards not vested after employees are granted or subscribed for such awards	For employees who are not deemed to have met the vesting conditions, the Company is entitled to redeem and cancel restricted stock award without compensation.	
The number of restricted stock awards withdrawn or repurchased during 2020		
The number of restricted stock awards withdrawn or repurchased during 2021		
The number of restricted stock awards withdrawn or repurchased during 2022	50,000 shares (withdrawn)	
The number of restricted stock awards withdrawn or repurchased during 2023	224,000 shares (withdrawn)	
Number of restricted stock awards that have been vested	422,000 shares	0 shares
Number of restricted stock awards that have not yet been vested	504,000 shares	1,300,000 shares
Restricted stock award	3.27%	

Type of restricted stock award	2020 restricted stock award	2022 restricted stock award
that have not yet been vested as a percentage of total issued shares (%)		
Impact on shareholders' equity	When calculated on the basis of the vesting conditions and the number of the issued shares, the dilution of the earnings per share is roughly NT$0.138; thus, there is no significant impact on shareholders' equity.	

(II) The names of managers and the top ten employees who have acquired the restricted stock awards up to the publication date of this annual report and the situation of their acquisition:

May 31, 2024; Unit: Share

<table>
<tr><th rowspan="2"></th><th rowspan="2">Job title</th><th rowspan="2">Name</th><th rowspan="2">Number of restricted stock awards acquired</th><th rowspan="2">Number of restricted stock awards acquired as a percentage of total issued shares (Note)</th><th colspan="4">Vested</th><th colspan="4">Unvested</th></tr>
<tr><th>Number of restricted stock awards vested</th><th>Issue price</th><th>Amount issued</th><th>Number of restricted stock awards vested as a percentage of total issued shares (Note)</th><th>Number of restricted stock awards unvested</th><th>Issue price</th><th>Amount issued</th><th>Number of restricted stock awards unvested as a percentage of total issued shares (Note)</th></tr>
<tr><td rowspan="7">Manager</td><td>The Chairman who is concurrently serving as the Chief Operating Officer of the New Venture Center</td><td>Hua-Chung Pi</td><td rowspan="7">650,000</td><td rowspan="7">1.18%</td><td rowspan="7">220,000</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0.40%</td><td rowspan="7">430,000</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0.78%</td></tr>
<tr><td>President</td><td>Hsin-Yuan Chao</td></tr>
<tr><td>Assistant Vice President</td><td>Lin, Han-Lin</td></tr>
<tr><td>Assistant Vice President</td><td>Chu, Pao-Jung</td></tr>
<tr><td>Assistant Vice President</td><td>Shih, Ju-Ling</td></tr>
<tr><td>Assistant Vice President</td><td>Chen Chia-Hsin</td></tr>
<tr><td>Vice President Corporate Governance Officer Finance/Accounting Officer</td><td>Wan-Wei Lu</td></tr>
<tr><td>Employee</td><td colspan="2">Top 10 employees *Note 3</td><td>470,000</td><td>0.85%</td><td>0</td><td>0</td><td>0</td><td>0</td><td>470,000</td><td>0</td><td>0</td><td>0.85%</td></tr>
</table>

Note: It was calculated based on the share capita registered with the Ministry of Economic Affairs on May 1, 2023
Note 1: Including managers and employees (those who have resigned or been deceased shall be indicated); their individual names and titles shall be disclosed, but the restricted stock awards they are granted or subscribed for may be disclosed in an aggregate manner.
Note 2: The number of fields is adjusted depending on the number of issuances.
Note 3: Based on the salary confidentiality principle, the Company will not disclose individual names and job titles publicly.

VII. Issuance of new shares due to M&A or transfer of shares of another company: None.

VIII. Fund application plan execution: None.

Five. Overview of Operations

I. Information on business

(I) Scope of business

1. Details of main business

The Company's main business is the R&D and sales of liquid crystal displays (LCD), sales of medical devices, lease of real property, and the R&D, manufacturing, and medical equipment and health care products.

2. Proportion of each business to revenue

LCD and related components account for 98.36%, medical devices 0.24%, real property leases 1.02%, and other: 0.38%.

3. The Company's existing products and services

Design, R&D, and sales of LCD and the components thereof in our self-owned brand, AG Neovo, as well as after-sales service. AG Neovo is a global leading brand in the professional and consumer markets for video displays, satisfying the niche demand for security surveillance, commercial digital signage, touch screens, professional visual images, educational research, transportation, and medical displays.

We also provide total solution product lines and consulting services on a project basis for AG Neovo Solutions. AG Neovo provides value-added display solutions on the basis of displays as well as consultation services for customers in a form of projects. We incorporate systems and software as required by clients into displays to provide value-added displays that integrate software and hardware in alignment with specific purposes of business,security, or digital signage, and provide system products in connection with other systems and consultation services.

We have begun to develop our own software, MeetCloud, and upgraded our existing digital signage cloud solution, and adopted artificial intelligence (AI) software and hardware since 2021 for the functions of Web 3.0.

4. Products (services) planned to be developed

4.1 LCD products (services)

(1)Multi-touch LCDs
(2)High-definition security/dental displays
(3)4K ultra HD displays
(4)Ultra narrow bezel LED-backlit, energy-efficient video walls
(5)4K mini LED-backlit displays
(6)Ultra-thin double-sided displays
(7)Medical displays
(8)PIDS/TIDS/FIDS passenger information display
(9)PSD platform door display
(10)AFC automatic ticket display
(11)Car monitors
(12)Marine monitors
(13)Digital signage players

4.2 Solutions

(1) Value-added AIO display, into which operating systems are integrated, such as Android or relevant software and over IP signal extender for connection with professional video systems.
(2) Testing control software that enables remote testing and control of AG Neovo displays.
(3) Content management platform for remote design, release, and management of contents on the digital signage displays and digital signages displays/players through the cloud or local area network.
(4) Professional video conferencing devices that can be used with interactive monitors for video conference or teaching.

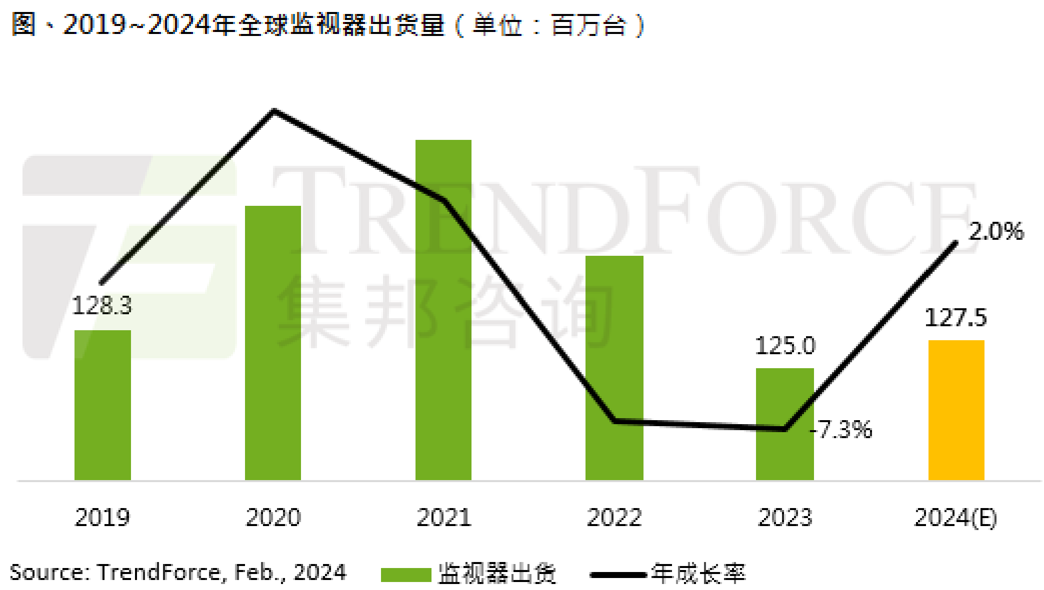
(5) A cloud whiteboard platform, MeetCloud, can be used with interactive monitors for cloud-based interactive meetings or teaching on different devices or platforms.
(6) AI digital signage solutions that can be used with interactive monitors and AIO digital signages.

(II) Overview of the industry

1. Current status and development of the industry:

In 2023, the global consumer electronics products experienced a tough season with a declined shipment of display panels. Due to the global economic environment and adjustment of the supply chain, the price of the display panels fluctuated and products were upgraded rapidly. According to the research conducted by TrendForce, the global monitor shipments in 2023 dropped by 7.3% year-on-year to only 125 million units, lower than the pre-pandemic level in 2019. Statistics show that monitor shipments peaked in 2021 and then declined year by year.

According to Sigmaintell, a research institution, based on the current inform ation, the growth of panel demand in 2024 is pessimistic, but the price fluctuat ion will be moderate, The prospect of consumer demand is not good and the r ecovery of commercial demand is unclear. The overall confidence of the supply chain is insufficient and the growth of the panel shipments is limited. As esti mated, the Global shipments of the LCD display (Monitor) panels will be 149 million units in 2024, a slight increase of 0.8% from 2023. From 2025 to 202 6, with the arrival of the next round of machine replacement cycle, the market is expected to grow synchronously.



Global monitor shipments from 2019 to 2024 (unit: million units)
Monitor shipment
Annual growth rate

As for the digital signage market, the shipment volume in 2023 declined c ompared to that in 2022. However, video walls and strip display boards have s hown a steady increase trend, with each estimated to be 1.62 million units and 740 thousand units. Among them, long billboards will be 5 times the 150 thou sand units in 2020.

Meanwhile, the digital signage market is expected to reach US$26.1 billion in 2028 with a compound annual growth rate of 6.9%. The use of digital signage has gradually become the norm, even though the retail industry is still the main business. However, there are some display manufacturers working with different industries to expand the application scope of digital signages.

In 2024, AG Neovo will continue to communicate the professional brand image of high stability and safety of products to stabilize the existing in the commercial display market channels. We will actively develop more high-margin products such as professional application fields, including more complete medical and monitoring displays.

In addition to actively evaluating the adoption of new display technologies (e.g. the development of hardware such as LED displays and long billboards) and cooperating with different providers of cloud content management software. We also hope to provide more convenient and better user experiences and expand the digital electronic signage market share by upgrading the cloud content management software

2. The relations between the up-, mid-, and downstream industries:

After Taiwan successfully mass-produced large-sized TFT LCD panels, it has indirectly facilitated the R&D and production of various relevant materials, and the supply of relevant key components to the LCD industry is ensured. With the continuous expansion of the application of products, such as laptops and LCD monitors, professional OEMs are constantly innovating their display technologies. With various touch panel technologies applied to applications of all sizes in a more well-developed manner, this industry is focused on the development of products to make it easier for product system designers to effectively integrate sales distributors' needs, while diversifying the applications. The relations between the up-, mid-, and downstream industries are shown below:

Upstream - Parts Suppliers

Metal and plastic components	Plastic casing, iron parts, molds, and connectors
Packaging components	Styrofoam, cottons with pack PE foam, and plastic bags
LCD panels	LCD panel modules and touch modules
Electronic components	Power supplies, switches, wires, printed circuit boards, application ICs, central processing units and random access memory, transistors, optical sensing ICs, resistors, capacitors, and inductors
Glass	Coating and glass
Software	Drivers, basic Input/output system, and apps

Midstream-Manufacturing/Sale

OEM
Integrates distributors' needs
Sellers

Downstream-Channel Customers

System integrators
Distributors
Agents

3. Development trends and competition of products:
(1) LED-backlit technology, curved display panels, and ultra HD (UHD) 4K displays have become mainstream in the market of main size panels. In response to this trend, AIC has incorporated the above technologies into our existing models over the past two years and has given priority to such technologies when developing new models.
(2) Surveillance market: HD CCTV have been the most hotly discussed over the past two years. The application of HD-SDI technology ensures high-quality during long-distance transmission. Meanwhile, the current common coaxial cables can be adopted as the transmission medium, which has given many owners who have

installed wires an advantage. It is estimated that this trend will bring a new vitality to into the market in addition to the IP monitoring trend.

(3) Touch market: Types of touch technologies vary by size and application scenario. In the field of large-sized products, AIC has launched multi-touch models using optical touch technology. As for the small- and medium-sized products, a focus is placed on the release of TX-series products with open frame projected capacitive touch.

(4) Digital signage market: This is a highly competitive market with a big gap in prices. In addition to product specifications and prices, the intense competition is related to other business and non-business factors. The market trend is moving toward models with ultra narrow bezel, different brightness levels, and system integration. We strive to expand our product lines to make our models more complete, including 46-inch to 98-inch ones with the standard brightness level and those with ultra-narrow bezel and high brightness, and have launched the ultra-thin double-sided display, which is the thinnest on the market. We also focus on developing a layout of total solutions that integrate the digital signage player and customized software applications.

(5) Professional dental/medical display market: Following the launch of the industry's first dental display, AG Neovo has developed a series of professional medical displays since 2022, thereby enhancing the deployment in this professional market.

(6) Corporate/Home display market: The pandemic has reshaped the way people live and work around the world and greatly accelerated the development of remote work, remote learning, and online entertainment. In response to the needs in the new digital era, AG Neovo has developed a series of professional monitors for business and creators to meet the needs of clients and the market.

At the same time, as the penetration of OLED in the mobile phone market gradually expands, IT will be the next battlefield with respect to the development of OLED. In response to this trend, AG Neovo will continue to develop OLED displays.

(7) Transportation display market: AG Neovo provides monitors of various sizes to meet the limited installation space in cabins and control rooms. In addition, we also provide monitors to show train/flight information, entertainment, or advertising clips.

(8) Solution market:

Stepping into solution has been a trend for hardware providers in recent years. Different from major brand owners that provide diverse and differentiated solution services, AG Neovo mainly provides value-added display solutions with displays at the center and provide clients with consultation services in the form of projects. We integrate the traditional display into flexible operating systems and third-party software services, and use software and hardware integration solutions to meet the needs of users in different application fields of enterprises and electronic signages. Moreover, we continue to provide consultation services regarding connection with other systems as well as customized services to certain extent. If clients have a need for a total solution, AG Neovo can provide professional services, including overall system planning and product selection advice in addition to displays.

Regarding the solution market, AG Neovo has launched a cloud-based digital signage management system as well as its exclusive control hardware, plus an Android system and a value-added display and media player, to realize cloud management and application of the IoT. This has enhanced the weaknesses of the lack of human-computer interaction and intelligent automation in the solutions, while meeting the needs of different advanced applications in the fields of business, retail, transportation, security, and digital signage. In addition to IoT functions, we have begun to integrate AI into the existing cloud-based digital signage management platform, Neovo Signage Cloud CMS, since 2022 to realize the Web 3.0 digital signage solution that integrates AI technology. To adopt AI edge computing technology, AG Neovo is in the stage of R&D of the next generation of value-added displays with powerful AI computing capabilities to expand the scope of application scenarios.

After several years of continuous research on user behavior and software and hardware requirements for video conference applications, we have also added education software and functions for the new generation of AIO-Meetboard, a video conference application, to be launched, which can replace the traditional meeting room, classroom projector, and whiteboard functions, while simplifying the meeting room and classroom equipment and greatly enhancing the efficiency of meetings and classes. Meanwhile, the human-computer interaction has also been greatly improved. Since 2021, we have begun to develop MeetCloud, an online whiteboard platform, to meet the needs for cloud-based meeting/teaching. In the future, users can engage in remote meetings or teaching through AIO-Meetboard or AG Neovo's MeetCloud with any device that can open a web browser to participate in cloud-based meetings or teaching with any device without being constrained by time and space.

Regarding the connection with other systems, the test and control software, PID Command Tool, which can remotely test and control AG Neovo displays, has been able to support Windows, iOS, and Android operating systems. This has enhanced its competitive advantage in the solution market. We are also actively developing an upgraded version of the software to add more functions, including control over video walls and content scheduling.

(III) Technology and R&D

1. The R&D expenses spent in the most recent year and the current year as of the publication date of this annual report:

(1) The R&D expenses spent on displays in 2023 were NT$14.05 million.

(2) The R&D expenses spent on displays up to the first quarter of 2024 were NT$4.49 million.

The Company's R&D work is mainly focused on strategic collaboration with suppliers. That is, we are switching from the OEM to the ODM model. The Company is responsible for collecting information from the distribution market in the front line and confirming end users' needs and works with external professional design companies to turn concepts into product and them collaborates with suppliers to design products and manufacture samples. Such professional division of labor not only ensures the effectiveness of product quality and functions and efficient product launch but greatly reduces the R&D cost. Through this collaboration model with external strategic partners, we do not need to invest a great deal of resources in R&D equipment and personnel, such as tooling and verification, during the R&D process and can reallocate resources to the need confirmation in the initial stage, to reduce investment and chance of ineffective development.

2. Technologies or products successfully developed in the most recent year and the current year as of the publication date of this annual report:

(1) The security monitor equipped with anti-burn-in software (obtained an invention patent in China on November 16, 2011)

(2) The display with protective optical glass adopted for professional applications, for which we have applied for the NeoV™ trademark

(3) 22"–27" LED-Backlit energy-efficient display / anti-blue light display

(4) 15"–42" Projected capacitive/Optical touch display

(5) 28"–98" 4K2K high-definition display

(6) 32"–65" multimedia LED-backlit energy-efficient digital signage

(7) 46"–55" high-brightness/standard-brightness ultra-narrow bezel LED-backlit

energy-efficient digital signage

(8) 55" ultra-thin double-sided displays

(9) 55" single-sided/double-sided freestanding digital display

(10) 24"–55" 4K2K new-generation security monitor with optical glass and anti-burn-in software program adopted

(11) 24" ~ 34” professional displays for commercial work/creators

(12) Digital signage players

(13) 43"–86" value-added 4K2K high-definition AIO display for digital signage with an Android operating system and relevant software adopted

(14) 65"–86" value-added 4K2K high-definition AIO display for video conferencing with an Android operating system and relevant software adopted

(15) A cloud-based digital signage content and display management platform that supports the above value-added 4K2K high-definition AIO display with an Android operating system and relevant software adopted.

(16) The test and control software, PID Command Tool, which can remotely test and control AG Neovo displays, has been able to support Windows, iOS, and Android operating systems. This has enhanced its competitive advantage in the solution market.

(17) 1080P and 4K2K Over IP signal extender that supports video wall and POE functions

(IV) Long-term and short-term business development plans:

The business model of Weilian Technology has shifted from the consumer market to the development of professional niche fields. With the unique NeoV™ optical filter technology, anti-burn-in software technology, product designs, and strategic collaboration with professional suppliers or distributors, we aim to connect the last and the first miles, the two ends of the value chain together, and establish an excellent reputation in the professional markets of multiple countries in Europe and the U.S.

We have long established a cooperation partnership with professional OEMs. In addition to ensuring stable supply quality, we have retained the core values of our R&D and design capabilities and, thus, can facilitate our development in niche areas.

AG Neovo's overseas operations focus on cultivating and deepening professional channels in various target markets and optimizing the post-sales service system operations to improve the customer satisfaction. We have gradually strengthened the channel benefits through professional channels such as professional system integrators and value-added resellers, and the strategic partners in the value chain are more efficiently connected to meet the needs of end users in the decision-making process. Digital marketing focuses on delivering products and services to target customer groups more accurately and effectively to highlight the brand value of AG Neovo.

In addition to being a strategic command center, AG Neovo's headquarters is an operational logistics support center. The goal is to provide brand-related marketing management, product development and digital marketing management, operations management, and technique support services. It provides relevant resources in response to business needs in various regional markets.

<u>Short-term business development priorities</u>

1. Market strategy:

   In light of the political, economic, and competitive conditions in various regions, we will combine products flexibly in order to increase sales momentum in the region while strengthening channel efficiency and brand value on an ongoing basis.

2. Market segmentation:

   We will focus on security surveillance, industrial applications, transportation, video or audio equipment, commercial digital signage, and medical care/medical health care in various regions and countries.

3. Distribution:

We operate, deepen and expand the existing channels, and continue to develop and deploy online channels.

Long-term business development priorities

1. Develop product and service strategies based on the target market and customer needs.
2. Construct AG Neovo's overall solution centered on the user/environment.
3. Strengthen and expand AG Neovo's brand value.

(V) Conclusions

AG Neovo aims at the global market while being based in Taiwan and has built the supply and value chains step by step for years.

Since 2000, the Company has been focusing on the business model of developing our self-owned brands, and we have upheld the philosophy of our brand values along the way. Looking ahead, AG Neovo aims to play the role of a brand owner in the traditional supply chain trading model and create the maximum premium in the supply chain. We will strive toward specialized products and services in the future and aim to create a new business model, featuring co-creation, profit sharing, and shared information platforms.

In the future, AG Neovo, with the strong support of all our shareholders, will become a respected international brand, while all shareholders will surely receive appropriate dividends.

II. Overview of the market and production and sales

(I) Market analysis

Regions where the Company's main products (services) are sold (provided):

Region/Year	2022	2023
The Americas	14%	16%
Europe (including the Middle East and Africa)	81%	81%
Asia and others	5%	3%

The Company still focuses on the European and American markets. In the European market, AG Neovo enjoys a certain degree of brand awareness. AG Neovo is even among the top three local display brands in the professional security surveillance market in Germany and the Benelux region.

Market share:

The business strategy prioritizes quality optimization and profit assurance in niche markets such as surveillance, industry, transportation, medical care, and electronic signage. About 60,000 to 80,000 high-end screens are shipped yearly, accounting for less than 1% of the global market of professional displays.

Supply and demand and growth potential of the market in the future:

The professional market on which AG Neovo is currently focusing is more stable than the consumer market, which is impacted by changes in the global economy. Although the economy will impact the monitoring, medical, electronic signage, and commercial display markets, they will continue to grow. After years of establishing a layout and adjusting our supply chain, we have laid a solid foundation for supply and panel acquisition. In addition, monitors of non-main sizes have gradually become a niche market. We have worked with suppliers to maintain the stable supply and have become one of the few suppliers in the market that can provide such products.

Competitive niche:

In terms of display brands, AG Neovo focuses on channel management and system integration, and most of them are bid projects in nature rather than focusing on low prices. We have striven toward high-value products and development in vertical markets, to create better operating performance with less resources and costs and project management capabilities. We will continue to enhance this business strategy in the future.

The favorable and unfavorable factors for future development are as follows:

Favorable factors

1. In the three years, there is still potential for the professional markets to grow, and the demand for public displays will increase significantly.
2. AG Neovo's distribution channels have been gradually stabilized, and its brand awareness has gradually increased. With differentiated product and service strategies and software and hardware integration solutions, it has established a firm foothold in specific markets step by step.
3. The characteristics of AG Neovo products create additional added value, which is conducive to maintaining gross profits.

Unfavorable factors

1. Due to political and economic factors, manufacturers began developing their own brands to enter the terminal market. The competition increased, and low market prices became the norm.
2. The mainstream product market is competitive, and it will become increasingly difficult for high-end products to maintain a high gross profit. As consumer marketing becomes increasingly difficult, many players have turned to high-margin niche markets because

competition based solely on hardware specifications has become too intense.

3.Due to various political and economic uncertainties for Europe and the United States, the company's main markets, the demand for high-end products has not yet increased significantly.

Countermeasures

1. Focus on a business model of establishing strategic partnerships with value chain suppliers and distributors, continue to enhance the monitoring of changes in the demand in the end-user market and their feedback, and coordinate and effectively manage inventory and price fluctuations.
2. Propose product portfolios and software services for different usage environments to meet users' needs in different regions and markets and then achieve the goal of market differentiation and segmentation.
3. Accelerate in-depth operations in professional markets, such as digital signage and conference machines, through digital marketing activities.
4. Continue to develop the display applications in the professional market and expand product lines of large-sized displays and outdoor professional displays with high brightness to meet customers' needs for displays of various sizes and the demand in various application scenarios. In the future, the Company will meet the demands of end users in different usage environments through quality improvement, software and hardware integration, in-depth services, and cooperation with channel partners to maintain profit growth.

(II) Important functions and production processes of main products

The LCD monitors are used for personal desktop computers as one of the main devices of computers. LCD monitors can also be combined with other equipment and systems for professional purposes, such as digital signage systems, educational research, video or audio equipment, security surveillance systems, industrial process control, semi-outdoor surveillance signage, and other professional niche products. AIC will continue to work in more professional application fields, such as transportation and broadcasting.

(III) Supply of main raw materials

The main material of LCDs are panels, which are mainly supplied by INX, AUO, LG, BOE, and CSOT, and the most important control ICs of LCDs are from MediaTek, Morningstar, Inc., and Realtek Semiconductor Corp. at home or abroad; other electronic materials, plastics, and iron parts are all purchased under strict quality control. With the supply of high-quality panels and the first-class OEM products, our products surely enjoy the best reputation.

(IV) The names of clients with purchases (sales) accounting for at least 10% of the total in any of the last two years, the amount and percentage of the purchases (sales), and reason for increase/decrease:

1. Clients who have accounted for over 10% of net sales in the most recent 2 years

Unit: NTD thousand

Name of client	2022			2023			Current year as of March 31, 2024		
		As a percentage of total net sales	Relations with the Company		As a percentage of total net sales	Relations with the Company		As a percentage of total net sales during the current year up to March 31, 2024	Relations with the Company
Company A	72,979	12%	None	57,971	11%	None	16,220	13%	None
Others	521,443	88%	None	452,616	89%	None	104,827	87%	None
Net sales	594,422	100%		510,587	100%		121,047	100%	

Reason for increase/decrease: Clients adjusted their needs due to changes in product specifications.

2. Suppliers accounting for at least 10% of net purchases in any of the last 2 years

Unit: NTD thousand

2022				2023				The current year as of March 31, 2024			
Name of supplier	Amount	As a percentage of total net purchases	Relations with the Company	Name of supplier	Amount	As a percentage of total net purchases	Relations with the Company	Name of supplier	Amount	As a percentage of total net purchases during the current year up to March 31, 2024	Relations with the Company
Supplier #100321	123,859	42%	None	Supplier #100321	116,183	46%	None	Supplier #100321	37,680	46%	None
Supplier #100491	33,615	11%	None	Supplier #100597	46,244	18%	None	Supplier #100487	11,678	14%	None
Supplier #100549	29,470	10%	None	-	-	-	-	Supplier #100456	10,661	13%	None
-	-	-	-	-	-	-	-	Supplier #100491	7,934	10%	None
Others	110,827	37%	None	Others	89,854	36%	None	Others	13,763	17%	None
Net purchase	297,771	100%		Net purchase	252,281	100%		Net purchase	81,716	100%	

Reason for increase/decrease: It was for cooperation with the development of and adjustment to new products and due to the excellent partnerships with the suppliers.

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

We have outsourced all processes of LCDs, so production capacity, volume, and value do not apply.

(VI) Sales volume and value in the most recent 2 years

Volume: Unit/value: NTD thousand

Year	2022				2023			
Volume/Value	Domestic sales		Exports		Domestic sales		Exports	
Main product	Volume	Value	Volume	Value	Volume	Value	Volume	Value
LCDs	402	6,585	52,410	573,788	506	8,726	46,025	486,310
Medical devices	9	75	450	3,895	0	0	335	1,207
Others	0	6,220	0	3,859	0	5,689	0	8,654
Total	411	12,880	52,860	581,542	506	14,415	46,360	496,172

III. Employees

Year		2022	2023	Current year up to the publication date of this annual report
Employee Number of people	Employee	67	72	73
	Total	67	72	73
Average age		42.6	41.3	41.8
Average years of service		9.34	8.77	8.66
Education distribution (%)	Ph.D.	0	0	0
	Master	44%	45%	38%
	Colleges and Universities	53%	53%	60%
	Medium High	3%	2%	2%

IV. Information on environmental protection expenditure

1. The total amount of losses incurred and penalties received due to environmental pollution in the most recent year and as of the publication date of this annual report: None.
2. To ensure that all our products meet environmental protection requirements, we have formulated the environmental protection policies below:
   (1) We design and develop new products under the philosophy of respect for the earth. Therefore, “energy-efficiency of products," "extending service lives of products," and "reducing the use of consumables" are the indicators for the design and development new AG Neovo products.
   (2) We actively require all supply chain partners of AG Neovo to comply with the requirements of international conventions and different countries’ regulations in the stages of design, development, procurement, production, sales, use, recycling, and reuse, including the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), the Waste from Electrical and Electronic Equipment (WEEE) Directive, and the Restriction of Hazardous Substances (RoHS) Directive.
   (3) All our suppliers have obtained ISO14001 environmental management system certification to honor their commitment to environmental policies.
   (4) We regularly audit suppliers’ performance and procedures of their environmental protection management systems to ensure that their management and policies comply with applicable environmental protection regulations.

V. Labor-management relations

1. Benefit measures
   (1) In addition to purchasing health insurance and making contributions to pension accounts according to the law, employee benefits provided include cash gifts on major holidays, birthday cash gifts, meal allowances, wedding and funeral allowances, training subsidy, employee stock ownership trust incentives, health checkups, birthday party, year-end/spring party, domestic/overseas travel, business management magazines/newspapers, as well as group insurance for each employee, including term life insurance, occupational accident insurance, accident insurance, injury insurance, travel insurance, and hospitalization insurance, in case that accidents occur to employees in any time.
   (2) The Company established an Employee Welfare Committee on January 19, 1982, and it contributes to the welfare funds in accordance with regulations to handle relevant employee benefits.
   (3) Salary adjustment and job promotion are handled as per the Company's business targets and individuals’ performance in the principle of fairness.
2. Employee training:
   (1) The Company sets out an annual education and training plan for employees based on the departmental tasks and work objectives per year, lists the needs for internal and external training projects and budgets, and submits them to the human resources unit to compile and submit it to the General Manager for approval before implementation. The records and outcome related to training are retained.
   (2) Each departments offers training and prepares a budget based on the annual training plan and launches independent training project for subsidies for training for special business attributes or job promotion purposes.
   (3) The Company's education and training costs are as follows:

Item	Number of courses	Number of trainees	Total hours	Total costs
Internal training	8	138	400.5	121,482
Professional competency training	32	45	277.5	
Senior management training	9	9	33	

(4) Project-based expatriate projects:

In addition to internal job rotation, we send employees to be expatriates as the best way for them to learn and grow. We have short-, medium-, and long-term expatriate projects in place (ranging from one month to two years) to train managers and employees with great potential to be equipped with global vision and practical experience, thereby enhancing professional talents' learning ability and adaptability to different cultures, knowledge of business administration in multinational companies, and global business management capabilities. Through task assignment, employees can achieve their personal goals and organizational business targets, and the collaboration and interaction between the head office in Taiwan and overseas subsidiaries can be enhanced, thereby creating a win-win-win outcome for employees, the head office, and subsidiaries.

3. Employee Code of Ethical Conduct:

To enable the directors and managers (including the President or those holding equivalent positions, Vice Presidents or those holding equivalent positions, Assistant Vice Presidents or those holding equivalent positions, the Chief Financial Officer, the Chief Accounting Officer, and others who are responsible for the management of the Company’s affairs and have the right to sign on behalf of the Company) to act in compliance with the ethical standards and the Company's stakeholders to be more aware of our ethical standards, and we have formulated the Employee Code of Ethical Conduct. The main contents are as follows:

(1) Conflicts of interest prevention: The best interests of the Company shall prevail, and personal improper interest shall be eliminated.

(2) Avoidance of opportunities for personal gains: Directors or managers are responsible for increasing the legitimate interest that the Company can gain.

(3) Obligation to confidentiality: All information, unless authorized or required to be disclosed by law, shall be kept confidential.

(4) Fair trade: Do not misuse information learned about through the job position to gain improper benefits.

(5) Protection and proper use of the Company's assets: Ensure that the Company's assets can be used effectively and legally during operations.

(6) Compliance with laws and regulations: Enhance the understanding of the Securities and Exchange Act, the Company Act, and other applicable laws and regulations, and comply with them accordingly.

(7) Motivation of reporting of any illegal or violations of the Codes of Ethical Conduct: Report any violations of the Codes of Ethical Conduct immediately to the Audit Committee, managers, or the chief internal auditor. The Company shall be responsible for protecting whistleblowers.

(8) Disciplinary measures: Directors or managers who violate the Code of Ethical Conduct shall be punished by the Company in accordance with the Company's work rules depending on the seriousness of the circumstances.

4. Protection measures for the work environment and employees’ personal safety

To consider the potential hazards and risks in the workplace, promote labor-management harmony, and reduce occupational losses, we have instructed each department to implement safety and health measures, take the initiative to check and maintain employees’ safety and health, offer safety and health education and training, and eliminate environmental hazards, while urging relevant departments to complete the public hazard prevention and control work and a loss control management mechanism.

(1) Environment and safety policy

- Comply with applicable environment, safety, and health laws and regulations and other requirements.
- Offer education and training on environment, safety, and health management to allow employees to be aware of their personal responsibilities, thereby enhancing their awareness in this regard and facilitating their participation in the implementation of such systems.
- Pay attention to the control of pollution sources and improve safety and health facilities to prevent pollution and reduce risks.
- Establish excellent communication channels to communicate our environment and safety policy and relevant requirements and objectives to our employees, suppliers, the public, and government agencies.

(2) How to carry out tasks

- Access control: We have a strict access control monitoring system 24/7 in place, to maintain the security of the Company's access control.
- Equipment maintenance and inspection: The Company reports to competent authorities on the inspection results of the public safety equipment and fire-fighting equipment in the buildings as per laws and regulations. We regularly maintain and inspect air-conditioners, fire-fighting equipment, and other equipment.
- Physiological/Psychological health: Smoking is prohibited in the Company's workplace as per government laws and policies, and we put up no-smoking slogans to remind employees not to smoke in the workplace to maintain the quality of the work environment. Meanwhile, we arrange for regular employee health checkups to maintain their physical and psychological health.
- Insurance: We purchase labor insurance (including occupational accident insurance), health insurance, and additional group insurance in accordance with the law to enhance the protection of employees' rights and interest. We also purchase public liability insurance for the Company's workplace to protect clients' rights and interest.

5. Retirement system and implementation

The Company settled and paid all employees the annual pension under the old system on December 31, 2005. Since January 1, 2006, a contribution rate of no less than 6% of monthly wages has been appropriated to the employee's personal account in accordance with the defined contribution regulations under the new system.

In addition, the Company has foreign employees. Currently, 2% of their salaries is appropriated to the labor pension reserve account under the old system. We have set up a labor pension reserve supervision committee to take the responsibility for deliberation, checking and supervision matters.

Retirement conditions:

Retirement is divided into voluntary retirement and compulsory retirement. The standards are as follows:

(1) Conditions of voluntary retirement:

Those who have worked for more than 15 years and attains the age of 55, those who have worked for more than 25 years, and those who have worked for more than 10 years ans attains the age of 60.

(2) Standards for compulsory retirement:

Those who attains the age of 65 and those who is unable to perform his/ her duties due to disability.

Those who are at least 65 years old according to the mandatory retirement standard may report to the central competent authority for adjustment if they perform work that is dangerous or physically demanding. provided, however, that the age shall not be reduced below 55.

Retirement procedure:
The employee who plans to retire voluntarily shall fill out the Employee Retirement Application Form. This shall be reviewed by the direct supervisor and the HR department, and then presented to the President and Chairman for approval. Before resignation, retired employees shall have their resignation countersigned in accordance with the resignation procedure and shall carry out all handover procedures.

6. The labor-management agreements and various employee rights protection measures:
   (1) We keep the communication channels with employees open at all times, and we do our best to respond to their opinions reasonably and legally.
   (2) Our managers meet on a weekly basis to compile and respond to employees' opinions.
   (3) Regarding important decisions concerning employees' rights and interest to be made, we carry out a necessary survey in advance for employees to express their opinions individually as a reference for our decision-making process; we regularly review the outcome and improvement measures afterwards.
   (4) The head of each unit communicate with employees at any time to address their difficulties and submit their opinions.
7. Losses suffered due to labor disputes in the most recent years and up to the publication date of this annual report, the estimated potential amount at present and in the future, and countermeasures:
   We have harmonious labor-management relations and have never suffered any losses due to labor disputes, and we predict that there will be no such losses in the future.

VI. Cyber security management

(I) Cyber security risk management framework, policy, specific management plans, and resources put in cyber security management

(1) Cyber security risk management framework:
The Company's General Manager or the Chief Operating Officer is responsible for convening the management service center to implement the cyber security management measures, and the Audit Department formulates an annual audit plan each year, to check and evaluate the implementation of various control measures and provide improvement suggestions in a timely manner, thereby ensuring the continuous effective implementation of the cyber security policy.

(2) Cyber security policy:
The risk management policy formulated by the Company covers cyber security. Through identification, assessment, control, supervision, and communication of potential information security risks, we control our cyber security risks during operations within an acceptable and controllable scope.

(3) Specific management plans:
1. Regularly offer information security education and training to employees to enhance their awareness of email protection.
2. Install anti-virus software on the user end to block the access right to install software by themselves.
3. Install a firewall to control network traffic and applications and develop a security surveillance management mechanism for intranet protection and database access.
4. Centralized management of servers, enhance the control of the data center, regularly carry out data backup, and conduct disaster recovery exercises every year.
5. Conduct regular vulnerability scanning and penetration testing.

6. Upgrade email filtering equipment.
7. Store data offsite.

(4) Resources put in cyber security management:

1. The Company has a total of two people in the information security team.
2. Review information security loopholes on a weekly basis and review and improve them on a monthly basis.
3. Successfully intercept endpoint threats through anti-virus endpoint protection and behavior analysis models.
4. Successfully block spam and threatening emails through spam protection and threat protection modules.
5. Offer cyber security education and training and hold seminars or briefings from time to time.
6. Block external threats through firewalls.
7. Store data offsite to improve data security.
8. In 2023, there was a total of 13 participants in one information security-related education and training session, with a total duration of 6.5 hours.

(II) Specify the losses incurred due to major cyber security incidents, potential impacts, and countermeasures in the most recent year and up to the publication date of this annual report. If the amount cannot be reasonably estimated, please specify the fact that it cannot be reasonably estimated: The Company did not suffer financial losses due to major cyber security incidents in the most recent year and up to the publication date of this annual report.

VII. Important contracts:

Nature of contracts	Parties involved	Start date	Main contents	Restrictive covenants
Credit contract	Chilin Branch, Chang Hwa Commercial Bank	2023.06.30~2024.06.30	The total credit line is NT$370 million	None
Lease agreement	UTW Technology Co., Ltd. (lessee)	2024.01.01~2026.12.31	5F.-2, No. 3-1, Yuanqu St., Nangang Dist., Taipei City	None

Six. Overview of Financial Information

I. Condensed balance sheet and statement of comprehensive income as well as names and audit opinions of the CPAs in the most recent five years

(I) Condensed balance sheet and statement of comprehensive income as per the International Financial Reporting Standards

1. Condensed consolidated balance sheet

Unit: NT$ thousand

Item \ Year		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	Financial data for the current year up to March 31, 2024 (Note 2)
Current assets		422,325	360,049	441,796	426,643	400,578	409,926
Property, plant and equipment		120,609	118,568	117,440	131,950	123,023	122,356
Right-of-use assets		23,480	15,931	14,237	15,328	6,206	25,373
Intangible assets		3,040	1,619	850	29,338	25,185	23,489
Other assets		203,031	195,226	189,759	167,694	165,531	239,247
Total assets		772,485	691,393	764,082	770,953	720,523	820,391
Current liabilities	Before distribution	310,129	260,527	334,589	332,239	308,373	326,293
	After distribution	310,129	260,527	334,589	332,239	Note 3	N/A
Non-current liabilities		16,035	11,291	8,908	7,533	3,551	22,208
Total liabilities	Before distribution	326,164	271,818	343,497	339,772	311,924	348,501
	After distribution	326,164	271,818	343,497	339,772	Note 3	N/A
Equity attributable to owners of parent company		446,321	419,575	420,585	419,439	401,718	459,437
Share capital		543,506	538,066	546,246	545,326	552,186	552,186
Capital surplus		25,330	29,322	29,249	29,328	30,302	27,790
Retained earnings	Before distribution	19,405	(18,828)	(587)	(14,346)	(44,166)	10,692
	After distribution	19,405	(18,828)	(587)	(14,346)	Note 3	N/A
Other equity		(117,089)	(104,154)	(129,492)	(116,038)	(111,773)	(106,400)
Treasury shares		(24,831)	(24,831)	(24,831)	(24,831)	(24,831)	(24,831)
Non-controlling interests		-	-	-	11,742	6,881	12,453
Total equity	Before distribution	446,321	419,575	420,585	431,181	408,599	471,890
	After distribution	446,321	419,575	420,585	431,181	Note 3	N/A

Note 1: Has been audited by CPAs.
Note 2: Has been reviewed by CPAs.
Note 3: The 2023 Deficit Compensation Proposal has only been approved by the Board of Directors and is pending a resolution by the shareholders' meetings.

2. Condensed consolidated statement of comprehensive income

Unit: NT$ thousand

Item \ Year	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	Financial data for the current year up to March 31, 2024 (Note 2)
Operating revenue	597,565	538,991	632,260	594,422	510,587	121,047
Gross profit	199,682	182,143	215,586	188,983	198,477	51,299
Net operating income (loss)	(21,370)	(14,673)	13,907	(36,370)	(41,292)	(19,908)
Non-operating income and expenses	(89,505)	(23,417)	12,129	5,921	(14,605)	(1,122)
Net income before tax	(110,875)	(38,090)	26,036	(30,449)	(55,897)	(21,030)

Net income of continuing operations in this period	(112,809)	(38,233)	18,241	(30,933)	(56,773)	(21,125)
Loss on discontinued operations	-	-	-	-	-	-
Net income (loss) for this period	(112,809)	(38,233)	18,241	(30,933)	(56,773)	(21,125)
Other comprehensive income for this period (net of tax)	(9,677)	7,923	(22,115)	9,259	7,726	4,321
Total comprehensive income for this period	(122,486)	(30,310)	(3,874)	(21,674)	(49,047)	(16,804)
Net income attributable to owners of parent company	(112,809)	(38,233)	18,241	(13,759)	(29,820)	(17,032)
Net income attributable to non-controlling interests	-	-	-	(17,174)	(26,953)	(4,093)
Total comprehensive income attributable to owners of parent company	(122,486)	(30,310)	(3,874)	(4,500)	(22,094)	(12,711)
Total comprehensive income attributable to non-controlling interests	-	-	-	(17,174)	(26,953)	(4,093)
Earnings per share (NT$) (Note 3)	(2.20)	(0.77)	0.37	(0.27)	(0.59)	(0.34)

Note 1: Has been audited by CPAs.
Note 2: Has been reviewed by CPAs.
Note 3: The calculation was based on the weighted average number of outstanding ordinary shares and the number of ordinary shares issued, which was retrospectively adjusted due to capitalization of earnings.

3. Condensed standalone balance sheet

Unit: NT$ thousand

Item / Year		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Current assets		284,652	191,613	289,303	249,608	229,082
Property, plant and equipment		119,703	117,830	116,942	116,902	115,757
Intangible assets		3,040	1,619	850	195	873
Other assets		411,007	405,482	392,555	439,593	448,409
Total assets		818,402	716,544	799,650	806,298	794,121
Current liabilities	Before distribution	371,190	296,078	378,174	385,968	391,512
	After distribution	371,190	296,078	378,174	385,968	Note 2
Non-current liabilities		891	891	891	891	891
Total liabilities	Before distribution	372,081	296,969	379,065	386,859	392,403
	After distribution	372,081	296,969	379,065	386,859	Note 2
Equity attributable to owners of parent company		446,321	419,575	420,585	419,439	401,718
Share capital		543,506	538,066	546,246	545,326	552,186
Capital surplus		25,330	29,322	29,249	29,328	30,302
Retained earnings	Before distribution	19,405	(18,828)	(587)	(14,346)	(44,166)
	After distribution	19,405	(18,828)	(587)	(14,346)	Note 2
Other equity		(117,089)	(104,154)	(129,492)	(116,038)	(111,773)
Treasury shares		(24,831)	(24,831)	(24,831)	(24,831)	(24,831)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	446,321	419,575	420,585	419,439	401,718
	After distribution	446,321	419,575	420,585	419,439	Note 2

Note 1: Has been audited by CPAs.
Note 2: The 2023 Deficit Compensation Proposal has only been approved by the Board of Directors and is pending a resolution by the shareholders' meetings.

4. Condensed standalone statement of comprehensive income

Unit: NT$ thousand

Item / Year	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Operating revenue	348,045	299,070	340,680	351,455	301,722
Gross profit	69,584	58,846	82,689	67,453	75,421
Operating income or loss	(4,276)	(6,717)	9,517	(5,845)	1,804

Non-operating income and expenses	(108,533)	(31,516)	8,724	(7,914)	(31,624)
Net income (loss) before tax	(112,809)	(38,233)	18,241	(13,759)	(29,820)
Net income of continuing operations in this period	(112,809)	(38,233)	18,241	(13,759)	(29,820)
Loss on discontinued operations	-	-		-	-
Net income (loss) for this period	(112,809)	(38,233)	18,241	(13,759)	(29,820)
Other comprehensive income for this period (net of tax)	(9,677)	7,923	(22,115)	9,259	7,726
Total comprehensive income for this period	(122,486)	(30,310)	(3,874)	(4,500)	(22,094)
Net income attributable to owners of parent company	(112,809)	(38,233)	18,241	(13,759)	(29,820)
Net income attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent company	(122,486)	(30,310)	(3,874)	(4,500)	(22,094)
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NT$) (Note 2)	(2.20)	(0.77)	0.37	(0.27)	(0.59)

Note 1: Has been audited by CPAs.

Note 2: The calculation was based on the weighted average number of outstanding ordinary shares and the number of ordinary shares issued, which was retrospectively adjusted due to capitalization of earnings.

(II) Names and audit opinions of the CPAs in the most recent five years:

Year	CPA firm	Name of CPA	Audit opinion
2019	KPMG	Au, Yiu Kwan and Kuo, Kuan-Ying	Unqualified opinion plus “Other matters” paragraph
2020	KPMG	Au, Yiu Kwan and Kuo, Kuan-Ying	Unqualified opinion plus “Other matters” paragraph
2021	KPMG	Au, Yiu Kwan and Kuo, Kuan-Ying	Unqualified opinion plus “Other matters” paragraph
2022	KPMG	Au, Yiu Kwan and Kuo, Kuan-Ying	Unqualified opinion plus “Other matters” paragraph
2023	KPMG	Au, Yiu Kwan and Kuo, Kuan-Ying	Unqualified opinion plus “Other matters” paragraph

II. Financial analysis for the most recent five years

(I) Analysis of consolidated financial ratios as per the International Accounting Standards

Item (Note 4)	Year	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	Current year up to March 31, 2024 (Note 2)
Financial structure (%)	Debt ratio	42.22	39.31	44.96	44.07	43.29	42.48
	Ratio of long-term capital to property, plant and equipment	383.35	363.39	365.71	332.49	335.02	403.82
Solvency (%)	Current ratio	136.18	138.20	132.04	128.41	129.90	125.63
	Quick ratio	44.88	65.80	47.09	49.31	51.20	43.71
	Interest earned ratio	Note 3	Note 3	9.40	Note 3	Note 3	Note 3
Operating performance	Accounts receivable turnover (times)	7.46	9.23	10.66	9.69	9.96	10.56
	Average collection period (days)	48.92	39.54	34.24	37.66	36.64	34.56
	Inventory turnover (times)	1.59	1.53	1.85	1.57	1.25	1.08

	Accounts payable turnover (times)	7.04	6.06	6.81	9.04	7.95	4.52
	Average days in sales	229.55	238.56	197.29	232.48	292.00	337.96
	Property, plant and equipment turnover (times)	4.91	4.51	5.36	4.77	4.01	3.95
	Total assets turnover (times)	0.75	0.74	0.87	0.77	0.68	0.60
Profitability	Return on total assets (%)	(13.88)	(4.85)	2.85	(1.16)	(3.22)	(7.87)
	Return on equity (%)	(21.87)	(8.83)	4.34	(3.23)	(7.10)	(14.31)
	Pre-tax income to paid-in capital (%)	(20.40)	(7.08)	4.77	(5.58)	(10.12)	(15.23)
	Profit margin (%)	(18.88)	(7.09)	2.89	(2.31)	(5.84)	(14.07)
	Earnings per share (NT$)	(2.20)	(0.77)	0.37	(0.27)	(0.59)	(0.34)
Cash flow	Cash flow ratio (%)	Note 3	30.42	Note 3	Note 3	22.12	Note 3
	Cash flow adequacy ratio (%)	Note 3	119.05	8.51	Note 3	26.16	Note 3
	Cash reinvestment ratio (%)	Note 3	16.67	Note 3	Note 3	14.10	Note 3
Leverage	Operating leverage	Note 3	Note 3	18.74	Note 3	Note 3	Note 3
	Financial leverage	0.87	0.81	1.29	0.86	0.85	0.93

Reasons for changes in financial ratios in the most recent two years (unless increase or decrease is less than 20%)

1. The decrease in inventory turnover and the increase in average days in sales was mainly due to the decrease in sales amount resulting in a decrease in sales cost.
2. The decrease in the return on assets, the return on equity, pre-tax income to paid-in capital, profit margin, and earnings per share was due to the increase in pre-tax and post-tax net loss in 2023 from 2022.
3. The increase in cash flow ratio, the cash flow adequacy ratio, and the cash reinvestment ratio was due to the increase in net cash flow from operating activities.

Note 1: Has been audited by CPAs.

Note 2: Has been reviewed by CPAs.

Note 3: This value is a negative figure, so it is not listed.

Note 4: The calculation formulas for financial analysis:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment.
2. Solvency
   (1) Current ratio = Current assets/Current liabilities.
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities.
   (3) Interest earned ratio = Net income before tax and interest /Interest expenses in this period.
3. Operating performance
   (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).
   (2) Average collection period (days) = 365/Accounts receivable turnover.
   (3) Inventory turnover = Cost of sales/Average inventory.
   (4) Payables turnover (including accounts payable and notes payable from operating activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and notes payable from operating activities).
   (5) Average days in sales = 365/Inventory turnover.
   (6) Property, plant and equipment turnover = Net sales/Average net property, plant, and equipment.
   (7) Total asset turnover = Net sales/Average total assets.
4. Profitability
   (1) Return on assets = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets.
   (2) Return on equity = Profit or loss after tax/Average total equity.
   (3) Profit margin = Profit or loss after tax/Net sales.
   (4) Earnings per share = (Income or loss attributable to owners of parent company - Preference shares dividends)/Weighted average number of shares issued. (Note 5)
5. Cash flow
   (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/ (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 6)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income

(Note 7).

(2) Financial leverage = Operating income/(Operating income - Interest expenses).

Note 5: The following matters shall be noted for the calculation formula for earnings per share:

1. The weighted average number of ordinary shares shall prevail rather than the number of outstanding shares at the end of the year.

2. Where there is a cash capital increase or trading of treasury shares, the weighted average number of shares in the outstanding period shall be calculated.

3. In the event of capitalization of earnings or capital surplus, when the annual or semi-annual earnings per share for the past years are calculated, retrospective adjustments shall be made as per the capital increase percentage, regardless of the issuance period for the capital increase.

4. If the preference shares are non-convertible cumulative preference shares, the dividends for the year (whether issued or not) should be deducted from the net income after tax or added to the net loss after tax. If the preference shares are non-cumulative in nature, in the case of net income after tax, the preference shares dividend shall be deducted from the net income after tax, while in the case of a loss, adjustment is not required.

Note 6: The following matters shall be noted for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in statement of cash flows.

2. Capital expenditures refer to the annual cash outflow from capital investments.

3. The increase in inventories is only included when the ending balance is greater than the opening balance. If the inventories decrease at the end of the year, it will be regarded as zero.

4. Cash dividends include cash dividends on ordinary shares and preference shares.

5. Gross property, plant and equipment refers to the total average property, plant and equipment before accumulated depreciation is deducted.

Note 7: The issuer shall divide various operating costs and operating expenses into fixed and variable depending on their characteristics. If there are estimates or subjective judgments involved, it shall pay attention to the reasonableness and maintain consistency.

Note 8: If the Company’s stock is no-par-value stock or the par value per share is not NT$10, the equity attributable to the owners of parent company in the balance sheet shall be adopted to calculate the ratio related to the paid-in capital above.

(II) Analysis of standalone financial ratios as per the International Accounting Standards

Item (Note 4)	Year	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)
Financial structure (%)	Debt ratio	45.46	41.44	47.40	47.98	49.41
	Ratio of long-term capital to property, plant and equipment	373.60	356.84	360.41	359.56	347.81
Solvency (%)	Current ratio	76.69	64.72	76.50	64.67	58.51
	Quick ratio	18.44	15.73	18.85	16.82	9.76
	Interest earned ratio	Note 2	Note 2	9.15	Note 2	Note 2
Operating performance	Accounts receivable turnover (times)	31.43	31.47	206.10	194.77	97.71
	Average collection period (days)	11.61	11.59	1.77	1.87	3.73
	Inventory turnover (times)	1.34	1.24	1.35	1.36	1.16
	Accounts payable turnover (times)	6.59	4.92	4.99	7.34	6.56
	Average days in sales	272.38	294.35	270.37	268.38	314.65
	Property, plant and equipment turnover (times)	2.88	2.52	2.90	3.01	2.59
	Total assets turnover (times)	0.41	0.39	0.45	0.44	0.38
Profitability	Return on total assets (%)	(13.14)	(4.69)	2.64	(1.37)	(3.24)
	Return on equity (%)	(21.87)	(8.83)	4.34	(3.28)	(7.26)
	Pre-tax income to paid-in capital (%)	(20.76)	(7.11)	3.34	(2.52)	(5.40)
	Profit margin (%)	(32.41)	(12.78)	5.35	(3.91)	(9.88)
	Earnings per share (NT$)	(2.20)	(0.77)	0.37	(0.27)	(0.59)
Cash flow	Cash flow ratio (%)	Note 2	11.80	7.27	Note 2	7.25
	Cash flow adequacy ratio (%)	36.10	93.89	59.61	11.87	28.26
	Cash reinvestment ratio (%)	Note 2	7.98	6.24	Note 2	6.68
Leverage	Operating leverage	Note 2	Note 2	13.73	Note 2	63.60
	Financial leverage	0.67	0.71	1.31	0.63	Note 2

Reasons for changes in financial ratios in the most recent two years (unless increase or decrease is less than 20%)

1. The decrease in quick ratio was mainly due to the decrease in case and increase in accounts payable to suppliers.
2. The decrease in accounts receivable turnover and the increase in average collection period (days) were mainly due to the decrease in the 2023 operating revenue.
3. The decrease in the return on assets, the return on equity, pre-tax income to paid-in capital, profit margin, and earnings per share was mainly due to the increase in pre-tax and post-tax net loss in 2023.
4. The increase in cash flow ratio, the cash flow adequacy ratio, and the cash reinvestment ratio was mainly due to the increase in net cash flow from operating activities.
5. The increase in operating leverage and the decrease in financial leverage were mainly due to the conversion of 2023 operating profit/loss from operating loss to operating profit.

Note 1: Has been audited by CPAs.

Note 2: This value is a negative figure, so it is not listed.

Note 3: No interest expense was incurred, so it is not listed.

Note 4: Please refer to Note 4 to Analysis of consolidated financial ratios as per the International Accounting Standards for the formulas for calculating financial ratios.

III. Audit Committee’s review report on the financial report for the most recent year

Associated Industries China, Inc.
Audit Committee’s Review Report

The Company’s 2023 financial statements have been ratified by Audit Committee, approved by the Board of Directors by resolution and audited by Chu Yao-Chun and Kuo Kuan-Ying, CPAs of KPMG Taiwan, to which they have issued an independent auditor's report. Furthermore, we have reviewed the Business Report for 2023 and Deficit Appropriation Proposal prepared by the Board of Directors, to which we have found no misstatement and hereby issues its report as presented above in accordance with Article 14-4, the Securities and Exchange Act and Article 219, the Company Act.

To

2024 Annual General Meeting

Associated Industries China, Inc.

Audit Committee convener:Sha-Wei Chang

March 11, 2024

IV. The financial report for the most recent year, including the CPA's audit report, a two-year balance sheets, statements of comprehensive income, statements of changes in equity, statements of cash flows, and notes to the financial report or tables (Please insert the “Representation Letter” paragraph to page 66 of the consolidated financial statements)

Representation Letter

The entities that are required to be included in the combined financial statements of Associated Industries China, Inc. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Associated Industries China, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Associated Industries China, Inc.
Chairman: Hua Chung Pi
Date: March 11, 2024

Independent Auditors' Report

To the Board of Directors of Associated Industries China, Inc.:

Opinion

We have audited the consolidated financial statements of Associated Industries China, Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 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 with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of Taiwan Biophotonic Corporation (tBPC), a subsidiary of the Group. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for tBPC, is based solely on the report of other auditors. The financial statements of tBPC reflect the total assets, constituting 8.31% and 11.89% of the consolidated total assets as of December 31, 2023 and 2022, respectively; the total operating revenues for the periods from January 1 to December 31, 2023 and from April 1 to December 31, 2022, constituting 0.44% and 1.22% of the consolidated total operating revenues, for the years ended December 31, 2023 and 2022, respectively; and the related shares of profit of associates and joint ventures, accounted for using the equity method, constituted 11.68% of the consolidated total loss before tax for the year ended December 31, 2022.

Associated Industries China, Inc. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued unmodified opinions with other matters paragraph.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report as follows:

Inventory valuation

Please refer to Note 4(h) Inventories and Note 5 of the consolidated financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(d) of the consolidated financial statements.

Description of key audit matters:

As inventories are measured at the lower of cost or net realizable value. The major business activities of the Group are the research, development and sale of LCD monitors, medical equipment and related components. The inventories are exposed to the risk of valuate loss and obsolescence due to the market vulnerability. Therefore, the inventory valuation is one of the important assessment items to perform our audits.

Audit Procedures:

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Group are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 and 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Kuo, Kuan-Ying.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 112,673	16	101,579	13
1170	Notes and accounts receivable, net (note 6(c))	43,204	6	59,034	8
1200	Other receivables	442	-	377	-
1300	Inventories, net (note 6(d))	211,461	30	229,022	30
1410	Prepayments	31,226	4	33,780	4
1470	Other current assets	1,572	-	2,851	-
		400,578	56	426,643	55
	Non-current assets:				
1600	Property, plant and equipment (notes 6(h) and 8)	123,023	17	131,950	17
1755	Right-of-use assets (note 6(i))	6,206	1	15,328	2
1760	Investment property, net (notes 6(j) and 8)	158,918	22	160,101	21
1780	Intangible assets (notes 6(k) and 8)	25,185	3	29,338	4
1900	Other non-current assets (note 8)	6,613	1	7,593	1
		319,945	44	344,310	45
	Total assets	$ 720,523	100	770,953	100

		December 31, 2023		December 31, 2022	
	Liabilities	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(l) and 7)	$ 191,685	27	241,358	32
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	-	-	2,842	-
2130	Current contract liabilities (note 6(v))	4,391	1	3,281	-
2170	Notes and accounts payable	63,656	9	14,856	2
2200	Other payables (Note 7)	34,481	5	33,941	4
2250	Current provisions (note 6(m))	3,787	-	3,380	-
2280	Current lease liabilities (note 6(n))	4,025	-	9,549	1
2300	Other current liabilities	6,348	1	5,933	1
2530	Bonds payable, current portion (note 6(o))	-	-	17,099	2
		308,373	43	332,239	42
	Non-current liabilities:				
2580	Non-current lease liabilities (note 6(n))	2,645	-	6,642	1
2600	Other non-current liabilities	906	-	891	-
		3,551	-	7,533	1
	Total liabilities	311,924	43	339,772	43
	Equity attributable to owners of parent: (note 6(s))				
3110	Common stock	552,186	77	545,326	71
3200	Capital surplus	30,302	4	29,328	4
	Retained earnings:				
3310	Legal reserve	52,704	7	52,704	7
3320	Special reserve	79,510	11	79,510	10
3350	Accumulated deficits	(176,380)	(24)	(146,560)	(19)
		(44,166)	(6)	(14,346)	(2)
3400	Other equity interest	(111,773)	(16)	(116,038)	(15)
3500	Treasury shares	(24,831)	(3)	(24,831)	(3)
	Total equity attributable to owners of parent:	401,718	56	419,439	55
3600	Non-controlling interests	6,881	1	11,742	2
	Total equity	408,599	57	431,181	57
	Total liabilities and equity	$ 720,523	100	770,953	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenues, net (note 6(v)):**				
4110	Sales revenue	$ 505,377	99	589,219	99
4310	Rental income (note 6(p))	5,210	1	5,203	1
		510,587	100	594,422	100
5000	**Operating costs (notes 6(d), 6(q) and 12)**	312,110	61	405,439	68
5950	**Gross profit from operations**	198,477	39	188,983	32
	Operating expenses (notes 6(q) and 12):				
6100	Selling expenses (note 6(n))	126,699	25	125,028	21
6200	Administrative expenses (notes 6(n) and 6(t))	76,087	15	74,097	12
6300	Research and development expenses	36,901	7	26,207	4
6450	Expected credit losses (Note 6(c))	82	-	21	-
		239,769	47	225,353	37
	Net operating loss	(41,292)	(8)	(36,370)	(5)
	Non-operating income and expenses:				
7100	Interest income	697	-	593	-
7190	Other income	464	-	461	-
7225	Gains on disposals of investments (note 6(e))	-	-	3,687	1
7230	Foreign exchange gains, net (note 6(x))	2,738	-	3,692	1
7235	(Losses) gains on financial assets at fair value through profit or loss	(1,890)	-	7,117	1
7510	Interest expense (notes 6(n) and 7)	(7,215)	(1)	(6,072)	(1)
7590	Other losses	(2,546)	(1)	-	-
7610	Loss on disposal of property, plant and equipment	(14)	-	-	-
7670	Impairment loss (notes 6(h) and 6(k))	(6,839)	(1)	-	-
7770	Share of losses of associates and joint ventures accounted for using the equity method (Note 6(e))	-	-	(3,557)	(1)
		(14,605)	(3)	5,921	1
7900	**Loss before tax**	(55,897)	(11)	(30,449)	(4)
7950	**Less: Income tax expenses (note 6(r))**	876	-	484	-
	Net loss	(56,773)	(11)	(30,933)	(4)
8300	**Other comprehensive income:**				
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	7,726	2	9,259	2
8300	**Other comprehensive income, net**	7,726	2	9,259	2
8500	**Total comprehensive loss**	**$ (49,047)**	**(9)**	**(21,674)**	**(2)**
	Total net income, attributable to:				
8610	Loss, attributable to owners of parent	$ (29,820)	(6)	(13,759)	(1)
8620	Loss, attributable to non-controlling interests (note 6(g))	(26,953)	(5)	(17,174)	(3)
		$ (56,773)	**(11)**	**(30,933)**	**(4)**
	Comprehensive loss attributable to:				
8710	Comprehensive loss, attributable to owners of parent	$ (22,094)	(4)	(4,500)	-
8720	Comprehensive loss, attributable to non-controlling interests (note 6(g))	(26,953)	(5)	(17,174)	(2)
		$ (49,047)	**(9)**	**(21,674)**	**(2)**
	Earnings per share (note 6(u))				
9750	**Basic earnings (losses) per share (NT dollars)**	**$ (0.59)**		**(0.27)**	
9850	**Diluted earnings (losses) per share (NT dollars)**	**$ (0.59)**		**(0.27)**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest							
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficits	Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income	Unearned employee benefits	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 546,246	29,249	52,704	79,510	(132,801)	(88,885)	(33,710)	(6,897)	(129,492)	(24,831)	420,585	-	420,585
Loss for the year ended December 31, 2022	-	-	-	-	(13,759)	-	-	-	-	-	(13,759)	(17,174)	(30,933)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	9,259	-	-	9,259	-	9,259	-	9,259
Total comprehensive loss for the year ended December 31, 2022	-	-	-	-	(13,759)	9,259	-	-	9,259	-	(4,500)	(17,174)	(21,674)
Other changes in capital surplus:													
Share-based payment transactions	(920)	79	-	-	-	-	-	4,195	4,195	-	3,354	-	3,354
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	28,916	28,916
Balance at December 31, 2022	545,326	29,328	52,704	79,510	(146,560)	(79,626)	(33,710)	(2,702)	(116,038)	(24,831)	419,439	11,742	431,181
Loss for the year ended December 31, 2023	-	-	-	-	(29,820)	-	-	-	-	-	(29,820)	(26,953)	(56,773)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	7,726	-	-	7,726	-	7,726	-	7,726
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(29,820)	7,726	-	-	7,726	-	(22,094)	(26,953)	(49,047)
Other changes in capital surplus:													
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	372	-	-	-	-	-	-	-	-	372	-	372
Share-based payment transactions	6,860	602	-	-	-	-	-	(3,461)	(3,461)	-	4,001	-	4,001
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	22,092	22,092
Balance at December 31, 2023	**$ 552,186**	**30,302**	**52,704**	**79,510**	**(176,380)**	**(71,900)**	**(33,710)**	**(6,163)**	**(111,773)**	**(24,831)**	**401,718**	**6,881**	**408,599**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Loss before tax	$ (55,897)	(30,449)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	14,440	13,165
Amortization expense	7,231	5,284
Expected credit loss	82	21
Losses on financial assets or liabilities at fair value through profit or loss	1,890	-
Interest expense	7,215	6,072
Interest income	(697)	(593)
Share-based payments transactions cost	4,001	3,354
Share of loss of associates and joint ventures accounted for using the equity method	-	3,557
Loss on disposal of property, plant and equipment	14	-
Gain on disposal of investments	-	(3,687)
Impairment loss on non-financial assets	6,839	-
Others	2,905	-
Total adjustments to reconcile loss	43,920	27,173
Changes in operating assets and liabilities:		
Decrease in current financial liabilities at fair value through profit or loss	262	2,842
Decrease in notes and accounts receivable	15,748	4,426
(Increase) decrease in other receivables	(237)	96
Decrease in inventories	17,561	30,266
Decrease in prepayments	1,884	3,252
Decrease in other current assets	1,279	3,721
Dncrease (increase) in other operating assets	777	(282)
Increase in contract liabilities	1,110	3,021
Increase (decrease) in notes and accounts payable	48,800	(59,976)
Increase (decrease) in other payables	1,091	(9,474)
Increase in provisions	407	356
Increase in other current liabilities	415	1,021
Total changes in operating assets and liabilities	89,097	(20,731)
Total adjustments	133,017	6,442
Cash inflows (outflows) generated from operations	77,120	(24,007)
Interest received	697	1,062
Interest paid	(7,095)	(6,050)
Income taxes paid	(2,516)	(4,676)
Net cash flows from (used in) operating activities	68,206	(33,671)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(916)	(6,034)
Decrease (increase) in refundable deposits	262	(3,119)
Acquisition of intangible assets	(3,995)	(2,923)
(Increase) decrease in prepayments for equipment	(752)	4,000
Net cash flows used in investing activities	(5,401)	(8,076)
Cash flows (used in) from financing activities:		
(Decrease) increase in short-term borrowings	(49,673)	34,227
Increase in bonds payable	-	17,099
Increase in guarantee deposits received	15	-
Payment of lease liabilities	(9,746)	(8,471)
Net cash flows (used in) from financing activities	(59,404)	42,855
Effect of exchange rate changes on cash and cash equivalents	7,693	9,105
Net increase in cash and cash equivalents	11,094	10,213
Cash and cash equivalents at beginning of period	101,579	91,366
Cash and cash equivalents at end of period	**$ 112,673**	**101,579**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

ASSOCIATED INDUSTRIES CHINA, INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Associated Industries China, Inc. (the "Company") was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The major business activities of the Company and its subsidiaries (together referred to as the "Group") are (1) research, development and sale of LCD monitors, and related components, (2)sale of medical equipment, (3)real estate rental business and (4)research and development, manufacture and sale of medical equipment and health care products.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issuance by the Board of Directors on March 11, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for financial assets at fair value through profit or loss is measured at fair value, the consolidated financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, 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.

(Continued)

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of the subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
The Company	AG Neovo International Ltd. (AG Neovo International)	Investment	100%	100%	
The Company	AG Neovo Technology B.V. (AG Neovo B.V)	Sale of LCD monitors	100%	100%	
The Company	AG Neovo Investment Co., Ltd. (AG Neovo Investment)	Investment	100%	100%	
The Company	Taiwan Biophotonic Co. (tBPC)	Research and development, manufacture and sale of medical equipment and health care products	56.98%	34.72%	(Notes 1, 2)

(Continued)

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2023	Shareholding December 31, 2022	Note
AG Neovo Investment	AG Neovo Technology (Shanghai) Co., Ltd. (AG Neovo Shanghai)	Sale of LCD monitors	100%	100%	
AG Neovo International	AG Neovo Technology Corp. (AG Neovo USA)	Sale of LCD monitors and medical equipment	100%	100%	

Note 1: In April 2022, the Company increased its investment in the secured convertible bonds of tBPC. After considering the comprehensive shareholding ratio of potentially ordinary shares, and the fact that the Company simultaneous dominate tBPC’s operating and financial activities, the Company assessed that it has substantial control over tBPC, and therefore, tBPC was included in subsudiaries in the consolidated financial statements since the date of acquisition of substantial control.

Note 2: In April, June, July and October of 2023, the Company exercised its right to convert the convertible bonds issued by tBPC, respectively, and obtained a total of 188,640 thousand shares, and as of December 31, 2023, the Company’s shareholding ratio was 56.98%.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(Continued)

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) 4on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established(the Ex-dividend date).

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a time deposit to have a low credit risk when trading partner is equivalent to globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’ s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

(Continued)

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Convertible bond

Compound financial instruments(Convertible bond) issued by the consolidated subsidiaries-tBPC are based on substance of the contractual agreements and the definition of financial liabilities and equity instruments. Their components are separately classified as financial liabilities and equity upon initial recognition.

At the time of original recognition, the fair value of the liability component is estimated using the current market interest rate for a similar non-convertible instrument and is measured at amortized cost using the effective interest method until the conversion or maturity date is exercised. Liability components that are embedded in non-equity derivatives are measured at fair value.

(Continued)

The conversion right classified as equity is equal to the remaining amount of the fair value of the composite instrument as a whole less the fair value of the separately determined liability components, which is recognized as equity after deducting the income tax effect and is not subsequently measured. When the conversion right is exercised, its related liability component and the amount in equity will be transferred to share capital and capital surplus - issue premium. If the conversion right of convertible corporate bonds has not been exercised on the maturity date, the amount recognized in equity will be transferred to capital surplus - issue premium.

The transaction costs related to the issuance of convertible corporate bonds are allocated to the liabilities (included in the carrying amount of liabilities) and the equity components (included in equity) of the instrument according to the proportion of the total allocated price.

The part of the conversion right contained in the convertible corporate bonds issued by Consolidated subsidiaries-tBPC is not a conversion right delivered by exchanging a fixed amount of cash or other financial assets for a fixed number of tBPC's own equity instruments. Therefore, it is classified as a derivative financial liability.

At the time of original recognition, the derivative financial liabilities part of convertible corporate bonds is measured at fair value, and the original carrying amount of the non-derivative financial liabilities part is the balance after separating the embedded derivatives. In subsequent periods, non-derivative financial liabilities are measured at amortized cost using the effective interest method, and derivative financial liabilities are measured at fair value, and changes in fair value are recognized in profit or loss. The transaction costs related to the issuance of convertible corporate bonds are allocated to the non-derivative financial liabilities part of the instrument (included in the carrying amount of liabilities) and the derivative financial liabilities part (included in profit and loss) in proportion to the relative fair value.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

If the derivative is embedded in the asset ownership contract according to IFRS 9 "financial instruments", the overall contract will be used determine the classification of financial assets. Otherwise, the embedded derivative should meet the definition of the derivative, wherein its risk and characteristics are not closely related to those of the main contract. Consequently, when the hybrid contract is measured by using the fair value through the profit or loss, the derivative department is deemed to be a separate derivative.

(Continued)

(h) Inventories

Inventories include raw materials, work in progress, finished goods and merchandise, which are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes those expenditures incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group’s proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	50 years
2)	Building improvement	10 years
3)	Machinery and R&D equipment	6 years

(Continued)

4)	Molding equipment	2 years
5)	Other equipment	2~10 years
6)	Testing equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(l) Lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(1) fixed payments, including in-substance fixed payments;

(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(3) amounts expected to be payable under a residual value guarantee; and

(4) payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(1) there is a change in future lease payments arising from the change in an index or rate; or

(2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(3) there is a change in the lease term resulting from a change of its assessment of whether it will exercise an option to purchase the underlying asset, or

(4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

(5) there is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

(Continued)

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1~5 years
2)	Product development expenses	1 year
3)	Patent	10 years
4)	Other intangible assets	2 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment – non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(Continued)

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, 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, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(m).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(Continued)

2) Commissioned technical service

The Group provides commissioned technical services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated costs of the transaction. The customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

3) Authorized

The royalties collected are recognized as licensing income when the software is installed on the product sold to the customer, and the licensing income is recognized in installments according to the schedule stipulated in the contract.

4) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to the defined contribution plans are expensed as the related service is provided.

(ii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(Continued)

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a short-based payment award is the date which the board of directors approves the capital increase base date.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differenses;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings (losses) per share

The Group discloses the Company's basic and diluted earnings (losses) per share attributable to ordinary shareholders of the Company. Basic earnings (losses) per share is calculated as the earnings (losses) attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings (losses) per share is calculated as the losses attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation and new restricted stocks for employees.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of stand alone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

(Continued)

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the consolidated financial statements are as follows:

(a) Judgment of whether the Group has substantive control over its investees

In April 2022, the Group increased its investment in the secured convertible bonds of tBPC. After considering the comprehensive shareholding ratio of potentially ordinary shares and the intention to dominate tBPC's operating and financial activities, the Company assessed to have substantial control over tBPC and therefore tBPC was included in the consolidated financial statements since the date of acquisition of substantial control.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future sales price. Due to the industry and market transformation, there may be changes in the net realizable value of inventories. Please refer to note 6(d) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash, checking accounts and demand deposits	$ 101,773	98,679
Time deposits	10,900	2,900
Cash and cash equivalents in the consolidated statements of cash flows	**$ 112,673**	**101,579**

Please refer to note 6(x) for the exchange rate risk, the interest rate risk and the sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss-current

	December 31, 2023	December 31, 2022
Financial liabilities designated at fair value through profit or loss-current:		
Component of convertible bonds	**$ -**	**2,842**

tBPC had redeemed 108 units of its matured secured convertible bonds in June 2022, with the book values of $10,800.

(Continued)

tBPC, a subsidiary of the Group, issued convertible bonds including the main contract debt instrument and the conversion right derivatives. As of December 31, 2022, the fair value of the conversion right amounting to $2,842 was recognized as financial liabilities at fair value through profit or loss.

Since April 2022, the Company has acquired substantial control over tBPC, who included in consolidated financial statement, wherein the secured convertible bonds, which was held by the Company, have been eliminated in consolidation as of December 31, 2023 and 2022, respectively.

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 1,021	-
Accounts receivable-measured at amortized cost	42,346	59,115
	43,367	59,115
Less: Loss allowance	(163)	(81)
	$ 43,204	**59,034**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 30,179	0%	-
Less than 30 days past due	10,327	0.26%	27
31 to 90 days past due	2,543	1.61%	41
91 to 180 days past due	318	29.87%	95
	$ 43,367		**163**

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 44,559	0%	-
Less than 30 days past due	12,829	0.20%	26
31 to 90 days past due	1,718	3.03%	52
91 to 180 days past due	9	33.33%	3
	$ 59,115		**81**

(Continued)

The movement in the allowance for notes and accounts receivable was as follows:

	2023	2022
Balance at January 1	$ 81	60
Impairment losses recognized	82	21
Balance at December 31	**$ 163**	**81**

As of December 31, 2023 and 2022, the Group did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

(d) Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 1,141	2,286
Work in progress	991	1,442
Raw materials	528	4,755
Merchandise inventories	208,801	220,539
	$ 211,461	**229,022**

The details of cost of sales for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Cost of goods sold and expenses	$ 299,927	400,562
Inventory valuation loss and obsolescence	10,582	3,272
	$ 310,509	**403,834**

For the years ended December 31, 2023 and 2022, the write-down of inventories to net realizable value amounted to $10,582 and $3,272, respectively.

As of December 31, 2023 and 2022, the Group did not provide any inventories as collaterals for its loans.

(e) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Associates	**$ -**	**-**

(i) Associates

(Continued)

The details of the material associates are as follows:

Name of Associate	Nature of the relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights	
			December 31, 2023	December 31, 2022
tBPC	Shareholder with significant influence	Taiwan	Note	Note

Note: Subsidiary included in the consolidated financial statements since April 2022.

The following aggregated financial information of the significant associates has been adjusted according to individually prepared IFRS consolidation financial statements to reflect the fair value adjustments made at the time of acquisition.

1) Summarized financial information of tBPC

	For the three months ended March 31, 2022
Operating revenue	$ 743
Loss from continuing operations (equal to comprehensive loss)	$ (10,245)
Total consolidated loss attributable to owners of the associate	$ (10,245)

	December 31, 2022
Share of net assets of the associate as of January 1	$ 18,936
Comprehensive loss attributable to the Group	(3,557)
Written off by combination	(15,379)
Share of net assets of the associate as of December 31	$ -

(ii) The Company has acquired substantial control over tBPC since April 2022, tBPC became a subsidiary and is included in the consolidated financial statements. The equity investment by using the equity method should be regarded as disposal at fair value with IFRS, and a disposal gain of $3,687 was recognized, please refer to note 6(f).

(f) Acquisition of subsidiary

(i) Acquisition of subsidiary

In April 2022, the Company increased investment in the secured convertible bonds of tBPC, after considering the comprehensive shareholding ratio of potentially ordinary shares and the intention to dominate tBPC' s operating and financial activities. The Company's interest in tBPC remains at 34.72%. The main business of tBPC is the research and development, manufacture and sale of medical equipment and health care products.

(Continued)

1) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the aquisition date:

Cash and cash equivalents	$	4,000
Inventories		10,210
Accounts receivable and other receivables		5
Prepayment		5,055
Other current assets		4,788
Property, plant and equipment (note 6(h))		11,893
Right-of-use assets (note 6(i))		8,903
Intangible assets (note 6(k))		30,849
Other non-current assets		1,766
Other short-term borrowings		(6,100)
Other payables		(5,142)
Other current liabilities		(14,366)
Non-current liabilities		(7,567)
Others		278
The fair value of net identifable assets acquired	**$**	**44,572**

There was no significant difference between the carrying amount of the equity method investments of the Group and the fair value of the net identifiable assets on April 1, 2022.

The Group will continue to review the above items during the measurement period. If new information becomes available within one year of the date of acquisition of control relating to facts and circumstances existing at the date of acquisition of control that would identify an adjustment to the provisional amount described above or any additional provision for liabilities existing at the date of acquisition, the accounting for the acquisition of control will be modified.

The fair value of tBPC's net identifiable assets on April 1, 2022, was based on the appraisal report that issued by Professional Actuary Management Consulting Co., Ltd.

(g) Material non-controlling interests of subsidiaries

The Company exercised its rights to convert the 2nd of three, 1st of four, 2nd of four and 3rd of four batches of matured convertible bonds issued by tBPC in April, June, July and October of 2023, with the convertible prices of $0.3 New Taiwan dollars, $0.2 New Taiwan dollars, $0.2 New Taiwan dollars and $0.1 New Taiwan dollars per share, at the book values of $8,640 (including interest receivable of $640), $12,528 (including interest receivable of $928), $6,480 (including interest receivable of $480) and $6,480 (including interest receivable of $480), resulting in the acquisition of 28,800 thousand, 62,640 thousand, 32,400 thousand and 64,800 thousand shares, respectively, totaling 188,640 thousand shares. As of December 31, 2023, the Company 's shareholding ratio was 56.98%.

(Continued)

The difference in book value due to the conversion of tBPC convertible bonds into common stock (including other bond holder) resulted in the Company’s capital surplus to increase by $372 in 2023.

The material non-controlling interests of subsidiaries were as follows:

		Percentage of non-controlling interests	
Subsidiaries	**Main operation place**	**December 31, 2023**	**December 31, 2022**
Taiwan Biophotonic Co. (tBPC)	Taiwan	43.02%	65.28%

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

(i) tBPC collective financial information

	December 31, 2023	**December 31, 2022**
Current assets	$ 22,300	38,489
Non-current assets	37,550	53,161
Current liabilities	(41,195)	(68,454)
Non-current liabilities	(2,660)	(5,210)
Net assets	$ 15,995	17,986
Non-controlling interests	$ 6,881	11,742

	For the year ended December 31, 2023	**For the period April to December 31, 2022**
Sales revenue	$ 2,269	7,240
Net loss (as same as comprehensive loss)	$ (58,583)	(26,308)
Loss, attributable to non-controlling interests	$ (26,953)	(17,174)
Total comprehensive loss, attributable to non-controlling interests	$ (26,953)	(17,174)

(Continued)

	For the year ended December 31, 2023	For the period April to December 31, 2022
Net cash flows used in operating activities	$ (24,103)	(20,946)
Net cash flows used in investing activities	(2,760)	(4,964)
Net cash flows from financing activities	21,215	38,960
Net decrease (increase) in cash and cash equivalents	**$ (5,648)**	**13,050**

(h) Property, plant and equipment

The movements of cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022, were as follows:

	Land	Buildings and building improvement	Machinery and R&D equipment	Molding equipment and other equipment	Transportation equipment	Equipment to be accepted	Total
Cost:							
Balance on January 1, 2023	$ 95,104	29,484	6,810	23,910	502	6,653	162,463
Additions for the period	-	-	282	634	-	-	916
Disposals	-	-	-	(651)	-	-	(651)
Effect of movements in exchange rates	-	-	-	198	-	-	198
Balance on December 31, 2023	**$ 95,104**	**29,484**	**7,092**	**24,091**	**502**	**6,653**	**162,926**
Balance on January 1, 2022	$ 95,104	29,484	4,942	14,681	-	-	144,211
Acquisition through a business combination (note 6(f))	-	-	265	8,344	-	3,284	11,893
Additions for the period	-	-	1,252	837	488	2,925	5,502
Disposals	-	-	-	(172)	-	-	(172)
Transferred in	-	-	88	-	-	444	532
Effect of movements in exchange rates	-	-	263	220	14	-	497
Balance on December 31, 2022	**$ 95,104**	**29,484**	**6,810**	**23,910**	**502**	**6,653**	**162,463**
Depreciation:							
Balance on January 1, 2023	$ -	9,307	5,275	15,876	55	-	30,513
Depreciation for the period	-	847	361	2,543	170	-	3,921
Impairment loss	-	-	-	183	-	5,739	5,922
Disposals	-	-	-	(637)	-	-	(637)
Effect of movements in exchange rates	-	-	(1)	187	(2)	-	184
Balance on December 31, 2023	**$ -**	**10,154**	**5,635**	**18,152**	**223**	**5,739**	**39,903**
Balance on January 1, 2022	$ -	8,292	4,756	13,723	-	-	26,771
Depreciation for the period	-	1,015	259	2,120	54	-	3,448
Disposals	-	-	-	(172)	-	-	(172)
Effect of movements in exchange rates	-	-	260	205	1	-	466
Balance on December 31, 2022	**$ -**	**9,307**	**5,275**	**15,876**	**55**	**-**	**30,513**
Book value:							
Balance on December 31, 2023	**$ 95,104**	**19,330**	**1,457**	**5,939**	**279**	**914**	**123,023**
Balance on January 1, 2022	**$ 95,104**	**21,192**	**186**	**958**	**-**	**-**	**117,440**
Balance on December 31, 2022	**$ 95,104**	**20,177**	**1,535**	**8,034**	**447**	**6,653**	**131,950**

As of December 31, 2023 and 2022, the property, plant and equipment have been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(Continued)

The Group assessed that some of equipment had no future demand for use in 2023, and an impairment loss of $5,922 was recognized.

(i) Right-of-use assets

The Group leases many assets including buildings and transportation. The movements of cost and depreciation of those assets were as below:

	Buildings	Transportation	Total
Cost:			
Balance on January 1, 2023	$ 34,798	15,354	50,152
Effect of movements in foreign exchange rates	577	571	1,148
Balance on December 31, 2023	$ 35,375	15,925	51,300
Balance on January 1, 2022	$ 24,028	14,667	38,695
Acquisition through a business combination (note 6(f))	8,903	-	8,903
Additions for the period	170	-	170
Effect of movements in foreign exchange rates	1,697	687	2,384
Balance on December 31, 2022	$ 34,798	15,354	50,152
Depreciation:			
Balance on January 1, 2023	$ 23,244	11,580	34,824
Depreciation for the period	7,173	2,163	9,336
Effect of movements in foreign exchange rates	493	441	934
Balance on December 31, 2023	$ 30,910	14,184	45,094
Balance on January 1, 2022	$ 15,619	8,839	24,458
Depreciation for the period	6,316	2,218	8,534
Effect of movements in foreign exchange rates	1,309	523	1,832
Balance on December 31, 2022	$ 23,244	11,580	34,824
Carrying amounts:			
Balance on December 31, 2023	$ 4,465	1,741	6,206
Balance on January 1, 2022	$ 8,409	5,828	14,237
Balance on December 31, 2022	$ 11,554	3,774	15,328

(Continued)

(j) Investment property

Details of the investment property were as follows:

		Land	Buildings and construction	Total
Cost				
Balance on January 1, 2023 (Same balance on December 31, 2023)	$	111,400	59,151	170,551
Balance on January 1, 2022 (Same balance on December 31, 2022)	$	111,400	59,151	170,551
Depreciation:				
Balance on January 1, 2023	$	-	10,450	10,450
Depreciation of the period		-	1,183	1,183
Balance on December 31, 2023	$	-	11,633	11,633
Balance on January 1, 2022	$	-	9,267	9,267
Depreciation of the period		-	1,183	1,183
Balance on December 31, 2022	$	-	10,450	10,450
Book value:				
Balance on December 31, 2023	$	111,400	47,518	158,918
Balance on January 1, 2022	$	111,400	49,884	161,284
Balance on December 31, 2022	$	111,400	48,701	160,101
Fair value:				
Balance on December 31, 2023				$ 233,000
Balance on December 31, 2022				$ 225,000

Investment property comprises of commercial property that is leased to third parties. Each of the leases contains an initial non-cancellable lease period. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Please refer to note 6 (p) for relevant information (including rental income and direct operating expenses incurred). The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

As of December 31, 2023 and 2022, the investment propoerty has been pledged as collateral for short-term borrowings and credits. Please refer to note 8.

(k) Intangible assets

The cost and amortization of intangible assets of the Group were as follows:

		Patent	Computer software and others	Total
Cost:				
Balance on January 1, 2023	$	31,467	15,092	46,559
Addition for the period		3,371	624	3,995
Balance on December 31, 2023	$	34,838	15,716	50,554
Balance on January 1, 2022	$	-	12,801	12,801
Acquisition through a business combination (note 6(f))		30,766	83	30,849
Addition for the period		701	2,222	2,923
Disposals		-	(14)	(14)
Balance on December 31, 2022	$	31,467	15,092	46,559
Amortization and impairment loss:				
Balance on January 1, 2023	$	4,343	12,878	17,221
Amortization for the period		5,959	1,272	7,231
Impairment loss		-	917	917
Balance on December 31, 2023	$	10,302	15,067	25,369
Balance on January 1, 2022	$	-	11,951	11,951
Amortization for the period		4,343	941	5,284
Disposals		-	(14)	(14)
Balance on December 31, 2022	$	4,343	12,878	17,221
Book value:				
Balance on December 31, 2023	$	24,536	649	25,185
Balance on January 1, 2022	$	-	850	850
Balance on December 31, 2022	$	27,124	2,214	29,338

As of December 31, 2023 and 2022, the intangible assets have been pledged as collateral for convertible bonds. Please refer to note 8.

The Group assessed that some of the intangible assets had no demand for use in the future in 2023, and an impairment loss of $917 was recognized.

(Continued)

(l) Short-term borrowings

The details of short-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 61,685	79,044
Secured bank loans	130,000	156,000
Other short-term borrowings	-	6,314
Total	$ 191,685	241,358
Unused credit lines for short-term borrowings	$ 269,462	236,922
Range of interest rates	2.06%~6.91%	1.53%~6.51%

Please refer to note 6(x) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Group.

The condition of the Group borrowed with related parties, please refer to note 7.

The Group provided property, plant and equipment and investment property as collaterals for its bank loans. Please refer to note 8.

(m) Provisions — warranties

	2023	2022
Balance on January 1	$ 3,380	2,986
Provisions made during the period	2,708	3,378
Provisions used during the period	(2,301)	(3,022)
Effect of movements in exchange rates	-	38
Balance on December 31	$ 3,787	3,380

Provisions related to sale of products are assessed based on historical information.

(n) Lease liabilities

The details of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 4,025	9,549
Non-current	$ 2,645	6,642

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

		2023	2022
Interest on lease liabilities	$	285	394
Variable lease payments not included in the measurement of lease liabilities	$	5,688	5,786
Expenses relating to short-term leases	$	1,422	1,067

The amounts recognized in the consolidated statements of cash flows for the Group were as follows:

		2023	2022
Total cash outflow from leases	$	17,141	15,718

(i) Real estate lease

The Group leases buildings for its office space. The leases of office space typically run for three to seven years.

(ii) Other leases

The Group leases vehicle, with lease terms of two to five years.

The Group also leases office equipment with contract terms of less than one year. These leases are short-term leases or low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(o) Bonds payable

The Group's bonds payable was determined as follows:

		December 31, 2023	December 31, 2022
Domestic secured convertible bonds payable	$	30,000	52,400
Components of the conversion option		-	(9,281)
Elimination through consolidation		(30,000)	(26,020)
Balance on December 31	$	-	17,099

Please refer to note 6 (b) for the components of the conversion option issued in 2023 and 2022.

The consolidated subsidiary, tBPC, converted its secured convertible bonds into ordinary shares, fully wherein parts of which matured in April, June, July and October 2023. Moreover, the Company subscribed the 170 units and 130 units of tBPC’ s secured convertible bonds in May and September 2023, at a par value of $100 per unit, resulting in tBPC to be eliminated in the consolidated financial statements.

The holder of each unit of bonds has the right to convert each unit of bonds into shares of common stock of tBPC at a price equal to the net worth per share of tBPC 's most recently unaudited and unreviewed financial statements as of the date of issuance, adjusted to the net worth per share of tBPC 's most recently unaudited and unreviewed financial statements as of the date of conversion or the net worth in the tBPC's unaudited and unreviewed financial statements, one month before the shareholders' meeting for the issuance of convertible bonds using the following formula: Adjusted Conversion Price=Conversion price before adjustment x (the net worth per share reflected in the tBPC's unaudited and unreviewed financial statements one month before the date of conversion, or the net worth in the tBPC's unaudited and unreviewed financial statements one month before the shareholders' meeting for the issuance of convertible bonds, divided by the net worth per share in the tBPC's unaudited and unreviewed financial statements one month before date of issuance, or the net worth in the tBPC's unaudited and unreviewed financial statements one month before the shareholders' meeting for the issuance of convertible bonds). The conversion period is from the day following the expiration date, three months after the issue date to expiry date. If the bonds are not converted at that time, they will be repaid in cash at 8% of the par value of the bonds, plus accrued interest on the expiry date.

(p) Operating lease

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(j) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

		December 31, 2023	December 31, 2022
Less than one year	$	5,428	5,143
One to two years		5,543	-
Two to three years		5,543	-
Total undiscounted lease payments	$	16,514	5,143

For the years ended December 31, 2023 and 2022, the rental income recognized in operating revenue amounted to $5,210 and $5,203, respectively; the direct costs incurred in rental, which were recognized as operating costs, amounted to $1,601 and $1,605, respectively

(q) Employee benefits

The Company and tBPC allocated no less than 6% of each employee’ s monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and tBPC allocated a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Overseas subsidiaries recognized the pension expenses and made the periodical payments under the defined contribution method by local laws.

The expenses recognized in profit or loss for the Group were as follows:

	2023	2022
Operating cost	$ 33	101
Selling expenses	2,181	2,257
Administrative expenses	2,122	1,807
Research and development expenses	1,161	1,023
Total	**$ 5,497**	**5,188**

(r) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current tax expenses for the period	**$ 876**	**484**

2) Reconciliations of income tax and loss before tax for 2023 and 2022 were as follows:

	2023	2022
Loss before tax	$ (55,897)	(30,449)
Income tax using the Group's domestic tax rate	(17,519)	(8,742)
Effect of tax rates in foreign jurisdiction	33	(217)
Loss of domestic investment under equity method	6,051	2,538
Change in current year losses for which no deferred tax assets recognized	5,357	5,386
Change in unrecognized temporary differences	1,456	1,989
Other	5,498	(470)
	$ 876	**484**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	$ 95,314	93,858
The carryforward of unused tax losses	133,137	140,790
Exchange differences on translation of foreign financial statements	14,380	16,608
	$ 242,831	**251,256**

(Continued)

The Company is able to control the timing of the reversal of the temporary differences related to the investments in subsidiaries on December 31, 2023 and 2022. The temporary differences arising from the investments in subsidiaries where there is a probability that such temporary differences will not reverse in the foreseeable future were not recognized as deferred tax assets.

The Group's tax losses which could be used to offset future taxable income as of December 31, 2023, were as follows:

Year of loss	Unused tax losses	Expiry year	Remark
The Company:			
2014	63,048	2024	(assessed)
2015	25,105	2025	(assessed)
2016	8,868	2026	(assessed)
2017	2,593	2027	(assessed)
2019	3,555	2029	(assessed)
2020	73,763	2030	(assessed)
tBPC:			
2014	12,969	2024	(assessed)
2015	30,303	2025	(assessed)
2016	55,038	2026	(assessed)
2017	54,664	2027	(assessed)
2018	50,862	2028	(assessed)
2019	26,234	2029	(assessed)
2020	17,900	2030	(assessed)
2021	19,459	2031	(assessed)
2022	33,605	2032	(declared)
2023	39,109	2033	(declared)
	$ 517,075		

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The tax losses mentioned above could be used to offset future taxable income. Because of the uncertainty of future taxable income, the Group did not recognize the deferred tax assets arising from the tax losses.

According to the US Tax Act, the assessed loss carryforward of AG Neovo USA can be used to offset against federal and state taxable income over a period of twenty years. As of December 31, 2023, AG Neovo USA had unused net operating loss amounting to US$4,557 thousands and US$178 thousands for federal and state income tax return purposes, respectively, which can be carried forward through 2043.

2) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in foreign subsidiaries, and believes that the temporary differences will not reverse in the foreseeable future; therefore, no deferred tax liabilities were recognized for the years ended December 31, 2023 and 2022, respectively. Details were as follows:

		December 31, 2023	December 31, 2022
Aggregate amount of temporary differences not recongnized related to investments in subsidiaries	$	54,084	48,681
Unrecognized deferred tax liabilities	$	10,817	9,736

3) Recognized deferred tax assets and liabilities: None.

(iii) The Company's income tax returns for the years through 2021 have been examined by the tax authorities.

(s) Capital and other equities

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized common stocks were consisting of 200,000 thousand shares with a par value of $10 New Taiwan dollars per share amounted $2,000,000 of which 55,219 thousand shares and 54,533 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2023 and 2022 were as follows:

Unit: in thousand shares

	Common stocks	
	2023	**2022**
Balance on January 1	54,533	54,625
Issuance of new restricted employee shares	1,300	-
Cancellation of new restricted employee shares	(614)	(92)
Balance on December 31	55,219	54,533

The Company awarded 1,300 thousand shares of employee restricted shares in April 2023. Please refer to note 6(t) for the related information.

614 thousand and 92 thousand shares of employee restricted shares were repurchased by the Company in 2023 and 2022, respectively, as certain employees of the Company did not meet the vesting requirements, and the cancellation procedure had been completed.

(Continued)

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 20,106	20,106
Restricted employee shares	(303)	(905)
Employee stock options-expired	5,343	5,343
Donation from shareholders	1,615	1,615
Changes in equity of associates	3,169	3,169
Changes in equity in subsidiaries	372	-
	$ 30,302	29,328

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company’s Articles of Incorporation stipulate that Company’s net earnings should first be used to offset the prior years’ deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The balances of special reserve as of December 31, 2023 and 2022 are both $79,510.

3) Earnings distribution

Based on the resolutions made during the annual stockholder's meeting held on June 20, 2023 and June 22, 2022, respectively, there are no earnings could be distributed in 2022 and 2021, respectively.

(iv) Treasury shares

Based on the resolutions made during the board meetings on May 8 and August 7, 2019, respectively, the Company determined to repurchase 1,500 thousand shares each, totaling 3,000 thousand treasury shares, to be converted into employee stock options. As of December 31, 2023, a total of 2,760 treasury shares, which had been repurchased, have yet to be converted or canceled.

Movement of treasury share was as follows:

	2023		2022	
	Share (thousands)	**Amount**	**Share (thousands)**	**Amount**
Balance at period beginning				
(Same as balance at period ended)	2,760	$ 24,831	2,760	24,831

Pursuant to the Securities and Exchange Act requirements as stated above, the number of treasury shares purchased should not exceed 10% of all shares outstanding. Also the value of the repurchased shares should not exceed the sum of the Company's retained earnings, paid-in capital in excess of par value and realized capital surplus.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged. These shares do not hold any shareholder rights before their completion of transfer.

(Continued)

(t) Share-based payment

Restricted employee shares

On June 22, 2022, the Company's shareholders' meeting decided to award 1,350 thousand shares of employee restricted shares to full-time employees of the Company and its domestic and overseas subsidiaries who meet certain requirements. The restricted shares have been registered with and approved by the Securities and Futures Bureau of FSC. On March 15, 2023, the Board of Directors decided to issue 1,300 thousand shares, and the base date of the capital increase was April 20, 2023.

The aforementioned restricted shares were issued without consideration. 20%, 20%, 30% and 30% of the restricted shares were vested when the employees continue to provide service for at least 1 year, 2 years, 3 years, and 4 years from the registration and the effective date, and at the same time, meet the performance requirement. After the issuance, the restricted shares are kept by a trust, which is appointed by the Company, before they are vested. These restricted shares shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations.

The information of the Company's restricted stock was as follows:

Unit: in thousand shares

	2023	**2022**
Outstanding units on January 1	1,118	2,154
Granted during the year	1,300	-
Forfeited during the year	(614)	(92)
Exercised during the year	-	(944)
Outstanding units on December 31	**1,804**	**1,118**

As of December 31, 2023 and 2022, the unearned employee compensation balances were $6,163 and $2,702, respectively. A total of 614 thousand and 92 thousand employee restricted shares were retrieved and canceled due to failure or loss of qualifications to meet the vesting requirements for the years ended December 31, 2023 and 2022, respectively. The effective date of capital reduction was March 15, 2023 and March 16, 2022, and the related registration procedures have been completed.

The expenses incurred by the Group for employee restricted shares were $4,001 and $3,354 for the year ended December 31, 2023 and 2022, respectively.

(u) Earnings (losses) per share

Basic earnings (losses) per share for the years ended December 31, 2023 and 2022 were computed as follows:

		2023	2022
Basic earnings per share			
Belong to parent company net loss	$	(29,820)	(13,759)
Weighted-average number of outstanding shares (in thousands)		50,655	50,489
Basic earnings (losses) per share (dollars)	$	(0.59)	(0.27)
Diluted earnings per share			
Belong to parent company net loss	$	(29,820)	(13,759)
Weighted-average number of outstanding common shares (in thousands)		50,655	50,489
Employee restricted shares		-	-
Weighted-average number of outstanding common shares (After adjusting for dilutive potential common share impact)		50,655	50,489
Diluted earnings (losses) per share (dollars)	$	(0.59)	(0.27)

In 2023 and 2022, the employee restricted shares had an anti-dilutive effect; hence, no diluted losses per share were required to be computed.

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	2022
Primary geographical markets:			
Netherlands	$	63,223	71,771
Germany		158,452	185,916
Switzerland		37,825	44,215
United States		82,285	84,051
Others		168,802	208,469
	$	510,587	594,422
Major products / services lines:			
LED monitors	$	495,037	569,307
Medical equipment		1,207	2,539
Other accessories		9,133	17,373
Rental income		5,210	5,203
	$	510,587	594,422

(Continued)

(ii) Contract balances

1) For details on notes and accounts receivable and allowance for impairment, please refer to note 6(c).

2) Contract liabilities

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities (Receipt in advance)	$ 4,391	3,281	260

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

The amount of revenue recognized for the years ended December 31, 2023 and 2022, that included in the contract liability balance at the beginning of the periods were $1,536 and $260, respectively.

(w) Employees' compensation and directors' remuneration

According to the Company’s Articles of Incorporation require that earning shall first be offset against any deficit, then, a minimum of 10% will be distributed as employees' remuneration and a maximum of 2% will be allocated as directors’ remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement. Related information would be available at the Market Observation Post System website.

Due to loss before tax for the years ended December 31, 2023 and 2022, no employees' compensation and directors’ remuneration was recognized.

(x) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration to credit risk

Because the Group caters to a wide variety of customers, has a diverse market distribution, and does not concentrate its transaction significantly with single customer. Therefore, the Concentrating of credit risk of accounts receivable was not significant. In order to reduce the credit risk, the Group monitors the financial conditions of its customers regularly. However, the Group does not require its customers to provide any collateral.

(ii) Credit risk of receivables and debt securities

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within a year	Over 1 year
December 31, 2023				
Non-derivative financial liabilities:				
Short-term borrowings	$ 191,685	(192,360)	(192,360)	-
Notes and accounts payable	63,656	(63,656)	(63,656)	-
Lease liabilities (including current and non-current)	6,670	(6,832)	(4,149)	(2,683)
Other payables	34,481	(34,481)	(34,481)	-
Guaranteed deposits	906	(906)	-	(906)
	$ 297,398	**(298,235)**	**(294,646)**	**(3,589)**
December 31, 2022				
Non-derivative financial liabilities:				
Bonds payable, current portion	$ 17,099	(17,908)	(17,908)	-
Short-term borrowings	241,358	(243,124)	(243,124)	-
Notes and accounts payable	14,856	(14,856)	(14,856)	-
Lease liabilities (including current and non-current)	16,191	(16,676)	(9,862)	(6,814)
Other payables	33,941	(33,941)	(33,941)	-
Guaranteed deposits	891	(891)	-	(891)
Convertible bonds-conversion right (recognized as financial liabilities at fair value through profit or loss)	2,842	(2,842)	(2,842)	-
	$ 327,178	**(330,238)**	**(322,533)**	**(7,705)**

The Group does not expect the cash flows included in the maturity analysis, to occur significantly earlier or at significantly different amounts.

(Continued)

(iv) Market risk

1) Currency risk (expressed in thousands for foreign currencies)

The Group's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 809	USD/NTD =30.705	24,840	1,768	USD/NTD =30.71	54,295
USD	355	USD/EUR =1.1067	393	38	USD/EUR =1.0655	40
Financial liabilities						
Monetary items						
USD	1,860	USD/NTD =30.705	57,111	718	USD/NTD =30.71	22,050
USD	133	USD/EUR =1.1067	147	2	USD/EUR =1.0655	2

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

A weakening (strengthening) 5% of each foreign currency against the functional currency, under other conditions remain the same, loss before tax for the years ended December 31, 2023 and 2022 would have been affected as follows:

	December 31, 2023	December 31, 2022
USD (against NTD)		
Appreciate 5%	$ (1,614)	1,612
Depreciate 5%	1,614	(1,612)
USD (against EUR)		
Appreciate 5%	12	2
Depreciate 5%	(12)	(2)

The analysis is performed on the same basis for both periods.

(Continued)

3) Foreign exchange gains and losses on monetary items

As the Group deals in diverse foreign currencies, gains and losses on foreign exchange were summarized as a single amount for disclosure. For the years ended December 31, 2023 and 2022, the foreign exchange gains, including realized and unrealized ones, amounted to $2,738 and $3,692, respectively.

(v) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

	Carrying amount	
	December 31, 2023	**December 31, 2022**
Variable rate instruments:		
Financial assets	$ 99,637	75,120
Financial liabilities	(191,685)	(241,358)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Group’s assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by $230 and $416 for the years ended December 31, 2023 and 2022, respectively, which would mainly result from the bank savings, time deposits and short-term borrowings with variable interest rates at the reporting date.

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data.

(Continued)

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and lease liabilities, disclosure of fair value information is not required:

	December 31, 2023				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 112,673	-	-	-	-
Notes and accounts receivable	43,204	-	-	-	-
Other receivables	442	-	-	-	-
Restricted deposits (recognized as other non-current assets)	2,334	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	2,950	-	-	-	-
	$ 161,603				
Financial liabilities measured at amortized cost:					
Short-term borrowing	191,685	-	-	-	-
Notes and accounts payable	63,656	-	-	-	-
Lease liabilities (current and non-current)	6,670	-	-	-	-
Other payables	34,481	-	-	-	-
Guaranteed deposits	906	-	-	-	-
	$ 297,398				

(Continued)

	December 31, 2022				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 101,579	-	-	-	-
Notes and accounts receivable	59,034	-	-	-	-
Other receivables	377	-	-	-	-
Restricted deposits (recognized as other non-current assets)	2,444	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	3,102	-	-	-	-
	$ 166,536				
Financial liabilities at fair value through profit or loss:					
Derivative financial liabilities	$ 2,842	-	-	2,842	2,842
Subtotal	2,842	-	-	2,842	2,842
Financial liabilities measured at amortized cost:					
Convertible bonds - debt component	17,099	-	-	-	-
Short-term borrowing	241,358	-	-	-	-
Notes and accounts payable	14,856	-	-	-	-
Lease liabilities (current and non-current)	16,191	-	-	-	-
Other payables	33,941	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	324,336				
	$ 327,178				

2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the consolidated report is approximately its fair value.

3) Fair value valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument will use the public quoted price from active market as the fair value if it has the public quoted price from active market.

(Continued)

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants such as the discounted cash flow or option pricing models.

4) There was no transfer among fair value hierarchies for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 financial assets

	Non derivative mandatorily measured at fair value through profit or loss
Balance on January 1, 2023 (same as balance on December 31, 2023)	$ -
Balance on January 1, 2022	$ 7,113
Elimination through consolidation	(7,113)
Balance on December 31, 2022	$ -

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure the fair value include "financial assets measured at fair value through profit or loss – convertible bonds".

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss – convertible bonds	Option Pricing Model-Formula Method	• Discounted rate in lack of marketability as of December 31, 2023 and 2022 were 37.02% and 30.68%	The higher the lack of marketability discount rate is, the lower the fair value will be.

(Continued)

(y) Financial risk management

(i) Briefings

The Group is exposed to the following risks arising from financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group's finance department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both domestic and international financial market operations.

The Group minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative and non-derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policy and the risk management policies and procedures. The Group has no transactions in financial instruments for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash in banks.

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, and these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. The Group constantly assesses the financial status of the customers.

The Group's customers are mainly from wide range customer base. The Group does not concentrate on a specific customer, thus, there should be no concern on the significant concentrations of accounts receivable credit risk. And in order to mitigate accounts receivable credit risk, the Group constantly assesses the financial status of the customers, and does not request the customers to provide any guarantee or security.

(Continued)

2) Investment

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group deposits the cash in different financial institutions for the purpose of controlling the credit risk in each financial institution. Therefore, there is no significant credit risk of bank deposits.

3) Guarantees

Please refer to note 13(a) for the Company provide financial guarantees to its subsidiaries as of December 31, 2023.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank forms an important source of liquidity for the Group. As of December 31, 2023 and 2022 the unused short-term bank facilities were $269,462 and $236,922, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group’s entities, primarily, the New Taiwan Dollars (TWD), Euro (EUR), US Dollars (USD), and Chinese Yuan (CNY).

2) Interest rate risk

The Group borrows funds on variable interest rates, which has a risk exposure in cash flow.

(Continued)

(z) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings.

The Group monitors the capital structure by way of periodical review on the liability ratio. The Group's capital is the "total equity" in the consolidated balance sheets, same as the total liabilities being subtracted to the total assets.

As of December 31, 2023 and 2022, the liability ratios were as follows:

		December 31, 2023	December 31, 2022
Total liabilities	$	311,924	339,772
Total assets		720,523	770,953
Liability ratio		43%	43%

As of December 31, 2023, there were no changes in the Group's approach of capital management.

(aa) Investing and financing activities not affecting current cash flow

(i) The Group's investing and financing activity which did not affect the current cash flow for the years ended December 31, 2023 and 2022 were as follows: The acquisition of right-of-use assets by lease, please refer to note 6(i).

(ii) Reconciliations of liabilities arising from financing activities were as follows:

				Non-cash changes			
		January 1, 2023	Cash flows	Changes in non-controlling interests	Other	Effect of movements in exchange rates	December 31, 2023
Short-term borrowings	$	241,358	(49,673)	-	-	-	191,685
Bonds payable		17,099	-	(22,092)	4,993	-	-
Deposits received		891	15	-	-	-	906
Lease liabilities		16,191	(9,746)	-	-	225	6,670
Total liabilities from financing activities	$	275,539	(59,404)	(22,092)	4,993	225	199,261

				Non-cash changes		
		January 1, 2022	Cash flows	Acquisition through business combination	Effect of movements in exchange rates	December 31, 2022
Short-term borrowings	$	201,031	34,227	6,100	-	241,358
Bonds payable		-	17,099	-	-	17,099
Deposits received		891	-	-	-	891
Lease liabilities		14,738	(8,471)	9,352	572	16,191
Total liabilities from financing activities	$	216,660	42,855	15,452	572	275,539

(Continued)

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Taiwan Biophotonic Corporation (tBPC)	An associate (note1)
Yu-Teng, Li	Substantial related party (tBPC's director)(note2)

note1: Listed as the subsidiaries of consolidated financial statements since April, 2022.

note2: The individual was no longer a related party since April 2023.

(b) Significant transactions with related parties

(i) Borrow from related party and interest

Account	Category of related party	December 31, 2023	December 31, 2022
Short-term borrowings	Substantial related party	$ -	5,175

	2023	2022
Interest expense	$ 52	112

The interest rates of the Group’s unsecured borrowings from related party was negotiated by both parties.The above mentioned borrowings and associated interest expenses had been fully paid in June 2023.

(c) Key management personnel transactions

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 15,625	16,759
Post-employment benefits	596	515
	$ 16,221	17,274

(Continued)

(8) Assets pledged as security:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land and buildings	Guarantee for short-term loans and credit line	$ 114,434	115,281
Investment property	〃	158,918	160,101
Restricted deposits (recongnized as other non-current assets)	Warranty guarantee	2,334	2,444
Intangible assets	Bonds payable	1,377	765
		$ 277,063	**278,591**

(9) Commitments and contingencies:

As of December 31, 2023 and 2022, the unused balances of the Group’s letters of credit amounted to $17,853 and $7,034 respectively.

(10) Losses due to major disasters: None.

(11) Subsequent events:

In order to fully reflect the current use status and value of investment properties, the Group announced that on March 11, 2024, the Board of Directors resolved to change the accounting policy for the subsequent measurement of investment properties from the cost model to the fair value model starting from January 1, 2024.

This accounting change is expected to be retrospectively adjusted to increase the retained earnings in the consolidated financial statements by $62,707, while increasing investment properties by $64,899 and deferred tax liabilities by $2,192, respectively. Investment properties at December 31, 2023 increased by $74,082 due to an increase of $8,000 in fair value adjustment gains and a decrease of $1,183 in lease costs – depreciation expense in 2023.

In summary, as of December 31, 2023, the increase in retained earnings due to the adoption of the fair value model is expected to be retrospectively adjusted by a total of $71,890.

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2023 Cost of sales	2023 Operating expenses	2023 Total	2022 Cost of sales	2022 Operating expenses	2022 Total
Employee benefits						
Salary	585	118,984	119,569	2,177	115,079	117,256
Labor and health insurance	91	14,189	14,280	223	13,563	13,786
Pension	33	5,464	5,497	101	5,087	5,188
Others	(4)	2,972	2,968	7	2,971	2,978
Depreciation	4,117	10,323	14,440	3,498	9,667	13,165
Amortization	903	6,328	7,231	585	4,699	5,284

Note: The depreciation for the years ended December 31, 2023 and 2022 included the depreciation of investment property amounted to $1,183 in both.

(13) Other disclosures:

(a) Information on significant transactions

The followings are the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” of the Group for the year ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount of guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
0	The Company	AG Neovo B.V	100% owned subsidiary	401,718	150,000	150,000	-	-	37.34%	401,718	Yes	No	No
0	The Company	AG Neovo USA	100% owned subsidiary	401,718	40,000	40,000	3,685	-	9.96%	401,718	Yes	No	No

Note：According to the Company’s Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company’s net worth.

(Continued)

(iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units)

Company holding securities	Security type and name	Relationship with the Company	Account	December 31, 2023				Highest balance during the year		Remark
				Shares/Units	Carrying value	Percentage of ownership	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
The Company	IRONYUN INCORPORATED	-	Financial assets measured at fair value through other comprehensive income－non-current	6,025	-	3.54 %	-	6,025	6.79 %	Note 1
The Company	Convertible bonds (tBPC)	-	Financial assets measured at fair value through profit or loss-non-current	300	30,000	- %	30,000	300	- %	Note 2

Note 1: Stocks are comprised of 552 preferred shares and 5,473 common shares at the reporting date.
Note 2: The left transactions have been eliminated in the preparation of consolidated financial statements.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remark
			Purchase /(Sale)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	AG Neovo B.V	100% owned subsidiary	(Sale)	(248,431)	(49)%	90 days net from date of invoice	The price is not comparable with that of the general customers.	90 days net from date of invoice; actual payments would depend on the capital demand.	Note 1	-%	Note 2

Note 1：As of December 31, 2023, the amount of receipt in advance was $100,057.
Note 2：The left transactions have been eliminated in the preparation of consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(Continued)

(x) Significant transactions and business relationship between the Company and its subsidiaries:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	2023 Intercompany transactions			
				Accounts	Amount	Terms	Percentage of the consolidated net revenue or total assets
0	The Company	AG Neovo B.V	1	Operating revenues	248,431	The price is marked up based on the cost; and the payment terms depends on the capital demand.	48.66%
0	The Company	AG Neovo B.V	1	Receipt in advance	100,057	The price is marked up based on the cost; and the payment terms depends on the capital demand.	13.89%
0	The Company	AG Neovo USA	1	Operating revenues	34,775	The price is marked up based on the cost; and the payment terms depends on the capital demand.	6.81%
0	The Company	AG Neovo USA	1	Receipt in advance	28,170	The price is marked up based on the cost; and the payment terms depends on the capital demand.	3.91%

Note 1: The numbers filled in as follows:
1.0 represents the Company.
2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:
1 represents the transactions from the parent company to its subsidiaries.
2 represents the transactions between the subsidiaries and the parent company.
3 represents the transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and shares in thousand units)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of December 31, 2023			Highest balance during the year		Net income (loss) of the Investee (Note2)	Investment income (loss) recognized by the investor (Note2)	Remark
				December 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares	Percentage of ownership	Carrying amount (Note 1)	Shares	Percentage of ownership			
The Company	AG Neovo International	British Virgin Islands	Investment	343,957	343,957	0.8	100%	30,595	0.8	100%	(276)	(276)	Note 3
The Company	AG Neovo B.V	Netherlands	Sales of LCD monitors	187,013	187,013	4.8	100%	215,575	4.8	100%	2,284	2,284	〃
The Company	AG Neovo Investment	British Virgin Islands	Investment	14,796	14,796	0.5	100%	1,954	0.5	100%	(2,073)	(2,073)	〃
The Company	Taiwan Biophotonic Corporation	Taiwan	Research and development, manufacture and sale of medical equipment and health care products	126,455	92,327	198,734	57%	9,028	101,534	67%	(58,583)	(30,255)	Note 4
AG Neovo International	AG Neovo USA	U.S.A.	Sales of LCD monitors and medical equipment	92,115 (US$3,000)	92,115 (US$3,000)	702	100%	26,050 (US$848)	702	100%	(1,345) (US$(43))	Recognized by AG Neovo International	Note 3

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.705 at reporting date.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.1811 based on the average exchange rate at reporting date.
Note 3: The left transactions have been eliminated in the preparation of the consolidated financial statements.
Note 4: The total amount included the reversal of bonds valuation loss of $1,462.

(Continued)

(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and shares in thousand units)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of December 31, 2023 (Note 2)	Net income (loss) of the investee company (Note 3)	Percentage of ownership	Highest balance during the year		Investment income (loss) recognized (Notes 3)	Carrying amount as of December 31, 2023 (Note 2)	Accumulated remittance of earnings as of December 31, 2023
					Outflow	Inflow				Shares	Percentage of wnership			
AG Neovo (Shanghai)	Sales of LCD monitors	15,353 (US$500)	Note 1	15,353 (US$500)	-	-	15,353 (US$500)	(2,073) (US$66)	100%	-	100%	(2,073) (US$66)	1,954 (US$64)	-

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

Accumulated investment in Mainland China as of December 31, 2023 (Notes 2 and 4)	Investment amounts authorized by Investment Commission, MOEA (Notes 2 and 4)	Upper limit on investment
123,925（US$4,036）	123,925（US$4,036）	241,031

Note 1 : Indirect investment in Mainland China through companies registered in the third region.
Note 2 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.705 at reporting date.
Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.1811 based on the average exchange rate at reporting date.
Note 4 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
CTBC in custody for Top Group Holdings, Ltd.	8,011,294	14.50%
David Pi	3,502,541	6.34%

(14) Segment information:

(a) General Information

The major business activities of the Group are (1)research, development and sale of LCD monitors and related components, (2)sale of medical equipment, (3)real estate rental business and (4)research and development, manufacture and sale of medical equipment and health care products. Our reportable operating segments based on the sales operation area are Europe, Americas, Taiwan and others.

(Continued)

(b) Reportable segments profit or loss, segment assets, segment liabilities, and their measurement and reconciliations.

The accounting policies of operating segments are the same as those described in note 4 "significant accounting policies". The operating segment information was as follows:

	2023					
	Europe	**America**	**Taiwan**	**Others**	**Adjustment & elimination**	**Total**
Revenue						
Revenue from external customers	$ 410,211	79,267	18,848	2,261	-	510,587
Revenue from segments	3,468	897	283,206	36	(287,607)	-
	$ 413,679	80,164	302,054	2,297	(287,607)	510,587
Reportable segment profit (loss)	$ 2,681	(2,514)	(41,062)	(46,698)	31,696	(55,897)
Reportable segment assets						$ 720,523
Reportable segment liabilities						$ 311,924

	2022					
	Europe	**America**	**Taiwan**	**Others**	**Adjustment & elimination**	**Total**
Revenue						
Revenue from external customers	$ 479,638	84,205	20,378	10,201	-	594,422
Revenue from segments	14,774	3,189	331,678	68	(349,709)	-
	$ 494,412	87,394	352,056	10,269	(349,709)	594,422
Reportable segment profit (loss)	$ 47	(2,515)	(15,980)	(25,257)	13,256	(30,449)
Reportable segment assets						$ 770,953
Reportable segment liabilities						$ 339,772

(c) Production information

The Group's information about the revenue from external customers, please refer note 6(v).

(d) Geographic information

The Group's sales presented by customer location and non-current assets presented by location, refer note 6(v), and the geographic information of non-current assets were as follows:

Non-current assets:

Country	**2023**	**2022**
Taiwan	$ 312,644	330,561
Others	2,017	11,305
	$ 314,661	**341,866**

Non-currents assets included property, plant and equipment, investments property, intangible assets and other assets but don't include financial instruments and deferred tax assets.

(Continued)

(e) Information about major customers

The details of sales revenue from external customers exceeded 10% of the amount of the consolidated statements of comprehensive income were as follows:

Customer	2023	2022
Company A	$ 57,971	72,979

V. The Company's standalone financial report for the most recent year that has been audited by a CPA without including statements of important accounting titles

(Please insert the “Independent auditor’s opinion” paragraph to page 63 of the standalone financial statements)

Independent Auditors’ Report

To the Board of Directors of Associated Industries China, Inc.:

Opinion

We have audited the financial statements of Associated Industries China, Inc.(“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of Taiwan Biophotonic Corporation (tBPC), which represented the investment in accounted for using equity method of the Company. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for tBPC, is based solely on the report of other auditors. The balance of investment in tBPC accounted for using equity method constituted 1.14% and 0.59% of total assets as of December 31, 2023 and 2022, respectively, and the absolute amount of the related share of profit and loss of associates accounted for using equity method constituted 101.46% and 102.86% of the absolute amount of total loss before tax for the years then ended, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key and it matters to be communicated in our report.

Inventory valuation

Please refer to Note 4(g) Inventories and Note 5 of the financial statements for inventory valuation and uncertainties of inventory valuation, respectively. Detailed information regarding the inventory is presented in Note 6(d) of the financial statements.

Description of key audit matters:

Inventories are measured at the lower of cost or net realizable value. The major business activities of the Company are the research, development and sale of LCD monitors, medical equipment and related components. The inventories are exposed to the risk of valuate loss and obsolescence due to market vulnerability. Therefore, inventory valuation is one of the important assessment items to perform our audits.

Audit Procedures:

Our principal audit procedures include: examining whether the inventory valuation policy and accounting policy applied by the Company are reasonable and in compliance with the accounting standards; inspecting the inventory aging report; analyzing the changes of inventory aging for each period; and testing the relevant amount of calculation for the lower of cost or net realizable value.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Kuo, Kuan-Ying.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

Notes to Readers

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

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

ASSOCIATED INDUSTRIES CHINA, INC.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 31,435	4	60,733	8
1170	Notes and accounts receivable, net (note 6(c))	4,086	-	2,081	-
1200	Other receivables	1,680	-	1,660	-
1300	Inventories, net (note 6(d))	178,794	23	175,610	22
1410	Prepayments	12,076	2	9,061	1
1470	Other current assets	1,011	-	463	-
		229,082	29	249,608	31
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (notes 6(b) and 7)	30,000	4	31,600	4
1551	Investments accounted for using equity method (notes 6(e) and 7)	257,152	32	245,246	30
1600	Property, plant and equipment (notes 6(g) and 8)	115,757	15	116,902	15
1760	Investment property, net (notes 6(h) and 8)	158,918	20	160,101	20
1780	Intangible assets, net (note 6(i))	873	-	195	-
1900	Other non-current assets (note 8)	2,339	-	2,646	-
		565,039	71	556,690	69
	Total assets	**$ 794,121**	**100**	**806,298**	**100**

	Liabilities	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(j))	$ 188,000	24	214,000	27
2130	Current contract liabilities (notes 6(r) and 7)	128,243	16	144,414	18
2170	Notes and accounts payable	56,296	7	12,699	2
2200	Other payables	15,242	2	11,514	1
2250	Current provisions (note 6(k))	3,449	-	3,042	-
2300	Other current liabilities	282	-	299	-
		391,512	49	385,968	48
	Non-current liabilities:				
2600	Other non-current liabilities	891	-	891	-
	Total liabilities	392,403	49	386,859	48
	Equity (note 6(o))				
3110	Common stock	552,186	70	545,326	68
3200	Capital surplus	30,302	4	29,328	4
	Retained earnings:				
3310	Legal reserve	52,704	7	52,704	6
3320	Special reserve	79,510	10	79,510	10
3350	Accumulated deficits	(176,380)	(23)	(146,560)	(18)
		(44,166)	(6)	(14,346)	(2)
3400	Other equity	(111,773)	(14)	(116,038)	(15)
3500	Treasury shares	(24,831)	(3)	(24,831)	(3)
	Total equity	401,718	51	419,439	52
	Total liabilities and equity	**$ 794,121**	**100**	**806,298**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ASSOCIATED INDUSTRIES CHINA, INC.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023			2022	
			Amount	%	Amount	%
4000	**Operating revenues, net (notes 6(r) and 7):**					
4110	Sales revenue	$	296,512	98	346,252	99
4310	Rental income (note 6(l))		5,210	2	5,203	1
			301,722	100	351,455	100
5000	**Cost of sales (notes 6(d) and 12)**		226,301	75	284,002	81
5950	**Gross profit**		75,421	25	67,453	19
	Operating expenses (notes 6(m), 6(p), 6(s) and 12):					
6100	Selling expenses		30,002	10	28,754	8
6200	Administrative expenses		30,702	10	32,316	9
6300	Research and development expenses		12,913	4	12,228	3
			73,617	24	73,298	20
6900	**Net operating income (loss)**		1,804	1	(5,845)	(1)
	Non-operating income and expenses:					
7100	Interest income		2,833	1	1,835	1
7190	Other income		132	-	227	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net		(30,320)	(10)	(18,275)	(5)
7230	Foreign exchange gains, net (note 6(t))		560	-	8,032	2
7510	Interest expense		(4,824)	(2)	(3,420)	(1)
7590	Miscellaneous expenditures		(5)	-	-	-
7225	Gains on disposals of investments (note 6(f))		-	-	3,687	1
			(31,624)	(11)	(7,914)	(2)
7900	**Loss from continuing operations before tax**		(29,820)	(10)	(13,759)	(3)
7950	**Less: Income tax expenses (note 6(n))**		-	-	-	-
8200	**Net loss**		(29,820)	(10)	(13,759)	(3)
8300	**Other comprehensive income:**					
8360	**Items that may be reclassified subsequently to profit or loss:**					
8361	Exchange differences on translation of foreign financial statements		7,726	3	9,259	3
8300	**Other comprehensive income, net**		7,726	3	9,259	3
8500	**Total comprehensive loss**	**$**	**(22,094)**	**(7)**	**(4,500)**	
	Earnings per share: (note 6(q))					
9750	**Basic earnings (losses) per share (NT dollars)**	**$**		**(0.59)**		**(0.27)**
9850	**Diluted earnings (losses) per share (NT dollars)**	**$**		**(0.59)**		**(0.27)**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ASSOCIATED INDUSTRIES CHINA, INC.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Accumulated deficits	Exchange differences on translation of foreign financial statements	Unrealized losses from financial assets measured at fair value through other comprehensive income	Unearned employee benefits	Total other equity	Treasury shares	Total equity
Balance at January 1, 2022	$ 546,246	29,249	52,704	79,510	(132,801)	(88,885)	(33,710)	(6,897)	(129,492)	(24,831)	420,585
Appropriation and distribution of retained earnings:											
Loss for the year ended December 31, 2022	-	-	-	-	(13,759)	-	-	-	-	-	(13,759)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	-	9,259	-	-	9,259	-	9,259
Total comprehensive loss for the year ended December 31, 2022	-	-	-	-	(13,759)	9,259	-	-	9,259	-	(4,500)
Other changes in capital surplus:											
Share-based payments transactions	(920)	79	-	-	-	-	-	4,195	4,195	-	3,354
Balance at December 31, 2022	**545,326**	**29,328**	**52,704**	**79,510**	**(146,560)**	**(79,626)**	**(33,710)**	**(2,702)**	**(116,038)**	**(24,831)**	**419,439**
Loss for the year ended December 31, 2023	-	-	-	-	(29,820)	-	-	-	-	-	(29,820)
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-	7,726	-	-	7,726	-	7,726
Total comprehensive loss for the year ended December 31, 2023	-	-	-	-	(29,820)	7,726	-	-	7,726	-	(22,094)
Other changes in capital surplus:											
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	372	-	-	-	-	-	-	-	-	372
Share-based payments transactions	6,860	602	-	-	-	-	-	(3,461)	(3,461)	-	4,001
Balance at December 31, 2023	**$ 552,186**	**30,302**	**52,704**	**79,510**	**(176,380)**	**(71,900)**	**(33,710)**	**(6,163)**	**(111,773)**	**(24,831)**	**401,718**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

ASSOCIATED INDUSTRIES CHINA, INC.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Loss before tax	$ (29,820)	(13,759)
Adjustments:		
Adjustments to reconcile loss:		
Depreciation expense	2,544	2,554
Amortization expense	1,086	1,356
Expected credit loss	5	1
Interest expense	4,824	3,420
Interest income	(2,833)	(1,835)
Share-based payments transactions cost	4,001	3,354
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	30,320	18,275
Gain on disposal of investments	-	(3,687)
Total adjustments to reconcile loss	39,947	23,438
Changes in operating assets and liabilities:		
Increase in notes and accounts receivable	(2,010)	(556)
(Increase) decrease in other receivables	(2,624)	126
(Increase) decrease in inventories	(3,184)	34,571
Increase in prepayments	(3,015)	(1,219)
(Increase) decrease in other current assets	(720)	1,063
Decrease in contract liabilities	(16,171)	(33,895)
Increase (decrease) in notes and accounts payable	43,597	(52,009)
Increase (decrease) in other payables	3,728	(6,757)
Increase in provisions	407	422
Decrease in other operating liabilities	(17)	(26)
Total changes in operating assets and liabilities	19,991	(58,280)
Total adjustments	59,938	(34,842)
Cash inflows (outflows) generated from operations	30,118	(48,601)
Interest received	2,909	976
Interest paid	(4,824)	(3,362)
Income taxes refunded (paid)	172	(12)
Net cash flows from (used in) operating activities	28,375	(50,999)
Cash flows from (used in) investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(30,000)	(31,600)
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	10,800
Acquisition of investments accounted for using equity method	-	(30,435)
Acquisition of property, plant and equipment	(216)	(1,331)
Decrease (increase) in refundable deposits	307	(2,315)
Acquisition of intangible assets	(1,764)	(701)
Net cash flows used in investing activities	(31,673)	(55,582)
Cash flows (used in) from financial activities:		
(Decrease) increase in short-term borrowings	(26,000)	100,000
Net cash flows (used in) from financing activities	(26,000)	100,000
Net decrease in cash and cash equivalents	(29,298)	(6,581)
Cash and cash equivalents at beginning of period	60,733	67,314
Cash and cash equivalents at end of period	**$ 31,435**	**60,733**

See accompanying notes to financial statements.

(1) Company history

Associated Industries China, Inc. (the "Company") was incorporated in May 18, 1978 as a company limited by shares, and registered under the Ministry of Economic Affairs, in the Republic of China. The major business activities of the Company are the research, development and sale of LCD monitors, and related components, sale of medical equipment, and real estate rental business.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issuance by the board of directors on March 11, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

(4) Summary of material accounting policies

The material accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for financial instruments at fair value through profit or loss are measured at fair value, the financial statements have been prepared on the historical cost basis.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment. The financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non- current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(Continued)

An entity shall classify a liability as current when:

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(Continued)

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company’s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a time deposit to have a low credit risk when trading partner is equivalent to globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or being more than 180 days past due;

(Continued)

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital suplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(Continued)

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity attributable to shareholders of the Company in the parent-company-only financial statement, are equal to those in the consolidated financial statements.

Changes in the Company’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	50 years
2)	Building improvement	10 years
3)	Machinery and R&D equipment	3~6 years
4)	Molding equipment	2 years
5)	Other equipment	3~5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(l) Lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

(Continued)

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1~5 years
2)	Product development expenses	1 year

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment – non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(o) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, 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, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company’s obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(k).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a short-based payment award is the date which the Board of Directors approves the capital increase base date.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

(Continued)

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

(t) Earnings (losses) per share

The Company discloses the Company's basic and diluted earnings (losses) per share attributable to ordinary shareholders of the Company. Basic earnings (losses) per share is calculated as the earnings (losses) attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings (losses) per share is calculated as the losses attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation and new restricted stocks for employees.

(u) Operating segments

The Company discloses the operating segments information in the consolidated financial statements. Therefore, the Company does not disclose the operating segments information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

The accounting policies involved significant judgments and the information that have significant effect on the amounts recognized in the financial statements are as follows:

Judgment of whether the Company has substantive control over its investees

In April 2022, the Company increased its investment in the secured convertible bonds of tBPC. After considering the comprehensive shareholding ratio of potentially ordinary shares and the intention to dominate tBPC's operating and financial activities, the Company assessed to have substantial control over tBPC and therefore tBPC was included in the consolidated financial statements since the date of acquisition of substantial control.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the net realizable value of the inventory is mainly determined based on assumptions as to future sales price. Due to the industry and market transformation, there may be changes in the net realizable value of inventories. Please refer to note 6(d) for further description of the valuation of inventories.

(Continued)

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash, checking accounts and demand deposits	$ 28,535	57,833
Time deposits	2,900	2,900
Cash and cash equivalents in the statements of cash flows	$ 31,435	60,733

Please refer to note 6(t) for the exchange rate risk, the interest rate risk and the fair value sensitivity analysis of the financial assets of the Company.

(b) Financial assets at fair value through profit or loss-non-current

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Convertible bond-tBPC	$ 30,000	31,600

The Company acquired 170, 130 and 80, 116, 60, 60 units of secured convertible bonds issued by tBPC in May, September, 2023 and April, June, July, October 2022, at a par value of $100 per unit and the book values of $17,000, $13,000 and $8,000, $11,600, $6,000, $6,000, respectively, with a duration of one year and are expected to be converted into common stock of tBPC. The host contracts of the hybrid financial instrument, which were classified as mandatorily measured at fair value through profit or loss, are recognized as financial assets within the scope of IFRS 9.

tBPC had redeemed 108 units of its matured secured convertible bonds in June 2022, with the book value of $10,800.

The Company exercised its rights to convert matured convertible bonds issued by tBPC in April, June, July, and October of 2023, respectively, for related information, please refer to note 6(e).

As of December 31, 2023 and 2022, the Company did not provide any of the aforementioned financial assets as collaterals for its loans.

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	$ 1,021	-
Accounts receivable-measured at amortized cost	3,072	2,083
	4,093	2,083
Less: Loss allowance	(7)	(2)
	$ 4,086	2,081

(Continued)

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 3,344	0%	-
Less than 30 days past due	749	1%	7
	$ 4,093		7

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance
Current	$ 1,887	0%	-
Less than 30 days past due	196	1%	2
	$ 2,083		2

The movement in the allowance for notes and accounts receivable was as follows:

	2023	2022
Balance at January 1	$ 2	1
Impairment losses recognized	5	1
Balance at December 31	$ 7	2

As of December 31, 2023 and 2022, the Company did not provide any of the aforementioned notes and accounts receivable as collaterals for its loans.

(d) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventories	$ 178,794	175,610

The details of cost of sales for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Cost of goods sold and expenses	$ 221,949	278,911
Inventory valuation loss and obsolescence	2,751	3,486
	$ 224,700	282,397

For the years ended December 31, 2023 and 2022, the write-down of inventories to net realizable value amounted to $2,751 and $3,486, respectively.

As of December 31, 2023 and 2022, the Company did not provide any inventories as collaterals for its loans.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 257,152	245,246

(i) Subsidiaries

For information on subsidiaries, please refer to 2023 annual consolidated financial statements.

The Company exercised its rights to convert the 2nd of three, 1st of four, 2nd of four and 3rd of four batches of matured convertible bonds issued by tBPC in April, June, July and October of 2023, with the convertible prices of $0.3 New Taiwan dollars, $0.2 New Taiwan dollars, $0.2 New Taiwan dollars and $0.1 New Taiwan dollars per share, at the book values of $8,640 (including interest receivable of $640), $12,528 (including interest receivable of $928), $6,480 (including interest receivable of $480) and $6,480 (including interest receivable of $480), resulting in the acquisition of 28,800 thousand, 62,640 thousand, 32,400 thousand and 64,800 thousand shares, respectively, totaling 188,640 thousand shares. As of December 31, 2023, the Company ‘s shareholding ratio is 56.98%.

The difference in book value due to the conversion of tBPC convertible bonds into common stock (including other bondholders) resulted in the Company’ s capital surplus to increase by $372 in 2023.

The Company's shares of its subsidiary's profit or loss amounted to a loss of $30,320 and $13,256 in 2023 and 2022, respectively.

(ii) Associate

The details of the material associate were as follows:

Name of Associate	Nature of the relationship with the Company	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights December 31, 2022
tBPC	Shareholder with significant influence	Taiwan	Note

Note: Listed as the subsidiary of the Company since April, 2022.

(Continued)

The following aggregated financial information of the significant affiliates has been adjusted according to individually prepared IFRS financial statement to reflect the fair value adjustments made at the time of acquisition.

1) Summarized financial information of tBPC

	For the three months ended March 31,2022
Operating revenue	743
Loss from continuing operations (equal to comprehensive loss)	$ (10,245)
Total comprehensive loss attributable to owners of the associate	$ (10,245)

	December 31, 2022
Share of net assets of the associate owned by the Company at period began	$ 18,936
Comprehensive loss attributable to the Company	(3,557)
Share of net assets of the associate as of December 31	$ 15,379

(iii) The Company has acquired substantial control over tBPC since April 2022, tBPC became a subsidiary and is included in the consolidated financial statements. The equity investment by using the equity method should be regarded as disposal at fair value with IFRS, and a disposal gain of $3,687 was recognized, please refer to note 6(f).

(iv) Pledges

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using equity method as collateral for its loans.

(f) Acquisition of subsidiary

(i) Acquisition of subsidiary

In April 2022, the Company increased investment in the secured convertible bonds of tBPC, after considering the comprehensive shareholding ratio of potentially ordinary shares and the intention to dominate tBPC’s operating and financial activities. The Company's interest in tBPC remains at 34.72%. The main business of tBPC is the research and development, manufacture and sale of medical equipment and health care products.

(Continued)

1) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the aquisition date.

Cash and cash equivalents	$	4,000
Inventories		10,210
Accounts receivable and other receivables		5
Prepayments		5,055
Other current assets		4,788
Property, plant and equipment		11,893
Right-of-use assets		8,903
Intangible assets		30,849
Other non-current assets		1,766
Other short-term borrowings		(6,100)
Other payables		(5,142)
Other current liabilities		(14,366)
Non-current liabilities		(7,567)
Others		278
The fair value of net identifable assets acquired	**$**	**44,572**

There was no significant difference between the carrying amount of the equity method investments of the Company and the fair value of the net identifiable assets on April 1, 2022.

The Company will continue to review the above items during the measurement period. If new information becomes available within one year of the date of acquisition of control relating to facts and circumstances existing at the date of acquisition of control that would identify an adjustment to the provisional amount described above or any additional provision for liabilities existing at the date of acquisition, the accounting for the acquisition of control will be modified.

The fair value of tBPC's net identifiable assets on April 1, 2022, was based on the appraisal report that issued by Professional Actuary Management Consulting Co., Ltd.

(Continued)

(g) Property, plant and equipment

The movements of cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	Land	Buildings and building improvement	Machinery and R&D equipment	Molding equipment and other equipment	Total
Cost:					
Balance on January 1, 2023	$ 95,104	29,484	4,042	9,894	138,524
Additions for the period	-	-	-	216	216
Disposals	-	-	-	(79)	(79)
Balance on December 31, 2023	$ 95,104	29,484	4,042	10,031	138,661
Balance on January 1, 2022	$ 95,104	29,484	2,992	9,638	137,218
Additions for the period	-	-	1,050	281	1,331
Disposals	-	-	-	(25)	(25)
Balance on December 31, 2022	$ 95,104	29,484	4,042	9,894	138,524
Depreciation:					
Balance on January 1, 2023	$ -	9,307	2,977	9,338	21,622
Depreciation for the period	-	847	241	273	1,361
Disposals	-	-	-	(79)	(79)
Balance on December 31, 2023	$ -	10,154	3,218	9,532	22,904
Balance on January 1, 2022	$ -	8,292	2,840	9,144	20,276
Depreciation for the period	-	1,015	137	219	1,371
Disposals	-	-	-	(25)	(25)
Balance on December 31, 2022	$ -	9,307	2,977	9,338	21,622
Book value:					
Balance on December 31, 2023	$ 95,104	19,330	824	499	115,757
Balance on January 1, 2022	$ 95,104	21,192	152	494	116,942
Balance on December 31, 2022	$ 95,104	20,177	1,065	556	116,902

As of December 31, 2023 and 2022, the property, plant and equipment has been pledged as collateral for short-term borrowings and credit lines. Please refer to note 8.

(Continued)

(h) Investment property

Details of investment property were as follows:

		Land	Buildings and construction	Total
Cost				
Balance on January 1, 2023 (Same balance on December 31, 2023)	$	111,400	59,151	170,551
Balance on January 1, 2022 (Same balance on December 31, 2022)	$	111,400	59,151	170,551
Depreciation:				
Balance on January 1, 2023	$	-	10,450	10,450
Depreciation for the period		-	1,183	1,183
Balance on December 31, 2023	$	-	11,633	11,633
Balance on January 1, 2022	$	-	9,267	9,267
Depreciation for the period		-	1,183	1,183
Balance on December 31, 2022	$	-	10,450	10,450
Book value:				
Balance on December 31, 2023	$	111,400	47,518	158,918
Balance on January 1, 2022	$	111,400	49,884	161,284
Balance on December 31, 2022	$	111,400	48,701	160,101
Fair value:				
Balance on December 31, 2023			$	233,000
Balance on December 31, 2022			$	225,000

Investment property comprises of commercial property that is leased to third parties. Each of the leases contains an initial non-cancellable lease period. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Please refer to note 6(l) for relevant information (including rental income and direct operating expenses incurred). The fair value of investment properties was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

As of December 31, 2023 and 2022, the investment property has been pledged as collateral for short-term borrowings and credit lines. Please refer to note 8.

(Continued)

(i) Intangible assets

		Computer software and others
Cost:		
Balance on January 1, 2023	$	13,488
Addition for the period		1,764
Balance on December 31, 2023	**$**	**15,252**
Balance on January 1, 2022	$	12,801
Addition for the period		701
Disposals		(14)
Balance on December 31, 2022	**$**	**13,488**
Amortization:		
Balance on January 1, 2023	$	13,293
Amortization for the period		1,086
Balance on December 31, 2023	**$**	**14,379**
Balance on January 1, 2022	$	11,951
Amortization for the period		1,356
Disposals		(14)
Balance on December 31, 2022	**$**	**13,293**
Book value:		
Balance on December 31, 2023	**$**	**873**
Balance on January 1, 2022	**$**	**850**
Balance on December 31, 2022	**$**	**195**

As of December 31, 2023 and 2022, the Company did not provide any intangible assets as collaterals for its loans.

(j) Short-term borrowings

		December 31, 2023	December 31, 2022
Unsecured bank loans	$	58,000	58,000
Secured bank loans		130,000	156,000
Total	**$**	**188,000**	**214,000**
Unused credit lines for short-term borrowings	**$**	**269,462**	**236,922**
Range of interest rates		**2.06%~2.81%**	**1.53%~2.36%**

Please refer to note 6(t) for the interest risk, foreign currency exchange rate risk, and liquidity risk information of the Company.

(Continued)

The Company provided property, plant and equipment and investments property as collaterals for its bank loans. Please refer to note 8.

(k) Provisions-warranties

		2023	2022
Balance on January 1	$	3,042	2,620
Provisions made during the period		2,708	3,378
Provisions used during the period		(2,301)	(2,956)
Balance on December 31	**$**	**3,449**	**3,042**

Provisions related to sales of products are assessed based on historical information.

(l) Operating lease

The Company leases out its investment property and some machineries. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

		December 31, 2023	December 31, 2022
Less than one year	$	5,428	5,143
One to two years		5,543	-
Two to three years		5,543	-
Total undiscounted lease payments	**$**	**16,514**	**5,143**

For the years ended December 31, 2023 and 2022, the rental income recognized in operating revenue amounted to $5,210 and $5,203, respectively; the direct costs incurred in rental, which were recognized as operating costs, amounted to $1,601 and $1,605, respectively.

(m) Employee benefits

The Company allocates no less than 6% of each employee's monthly wages to the labor pension personal account at Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company recognized pension costs under the defined contribution method amounting to $2,668 and $2,666 for the years ended December 31, 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance.

(Continued)

(n) Income taxes

(i) Income tax expenses

1) The amount of income tax for the years ended December 31, 2023 and 2022 was as follows:

		2023	2022
Current tax expenses for the period	$	-	-

2) Reconciliation of income tax and loss before tax for 2023 and 2022 were as follows:

		2023	2022
Loss before tax	$	(29,820)	(13,759)
Income tax using the Group's domestic tax rate		(5,964)	(2,752)
Loss of domestic investment under equity method		6,051	2,538
Change in current year losses for which no deferred tax assets recognized		(745)	(919)
Change in unrecognized temporary differences		658	1,133
	$	-	-

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

		December 31, 2023	December 31, 2022
Deductible temporary differences	$	93,134	92,476
Unused tax losses		35,386	36,131
Exchange differences on translation of foreign financial statements		14,380	16,608
	$	142,900	145,215

The Company is able to control the timing of the reversal of the temporary differences related to the investments in subsidiaries on December 31, 2023 and 2022. The temporary differences arising from the investments in subsidiaries where there is a probability that such temporary differences will not reverse in the foreseeable future were not recognized as deferred tax assets.

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset against taxable income over a period of ten years for local tax reporting purposes. Because of the uncertainty of future taxable income, the Company did not recognize the deferred tax assets arising from the tax losses.

(Continued)

The Company's tax losses which could be used to offset future taxable income as of December 31, 2023, were as follows:

Year of loss	Unused tax losses	Expiry year
The Company:		
2014 (assessed)	$ 63,048	2024
2015 (assessed)	25,105	2025
2016 (assessed)	8,868	2026
2017 (assessed)	2,593	2027
2019 (assessed)	3,555	2029
2020 (assessed)	73,763	2030
	$ 176,932	

2) Recognized deferred tax assets and liabilities: None.

(iii) The Company's income tax returns for the year through 2021 have been examined by the tax authorities.

(o) Capital and other equities

(i) Ordinary shares

As of December 31, 2023 and 2022, the Company's authorized common stocks were consisting of 200,000 thousand shares with a par value of 10 New Taiwan dollars per share amounted to $2,000,000 of which 55,219 thousand and 54,533 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliations of shares outstanding for 2023 and 2022 were as follows:

Unit: in thousand shares

	Common stocks	
	2023	**2022**
Balance on January 1	54,533	54,625
Issuance of new restricted employee shares	1,300	-
Cancellation of new restricted employee shares	(614)	(92)
Balance on December 31	**55,219**	**54,533**

The Company awarded 1,300 thousand shares of employee restricted shares in 2023. Please refer to note 6(p).

614 thousand and 92 thousand shares of employee restricted shares were repurchased in 2023 and 2022, respectively, as certain employees of the Company did not meet the vesting requirements, and the cancellation procedure had been completed.

(Continued)

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	$ 20,106	20,106
Restricted employee shares	(303)	(905)
Employee stock options-expired	5,343	5,343
Donation from shareholders	1,615	1,615
Changes in equity of associates	3,169	3,169
Changes in equity in subsidiaries	372	-
	$ 30,302	29,328

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company’s article of incorporation stipulate that Company’s net earnings should first be used to offset the prior years’ deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and the others are supposed to be set aside or reversed as the special reserve in accordance with laws and regulations. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

The Company adopts the residual dividend policy. In consideration of the expansion of operations and the need of cash flows in the future, when the Company plans to distribute its dividends, the distributable amounts cannot be less than 50% of the cumulative distributable surplus. Moreover, at least 10% of the dividends should be distributed in cash.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders’ meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualified for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The balances of special reserve as of December 31, 2023 and 2022 were both $79,510.

3) Earnings distribution

Based on the resolutions made during the annual stockholders' meetings held on June 20, 2023 and June 22, 2022, there will be no distribution of dividends in 2022 and 2021, respectively, due to the losses incurred by the Company.

(iv) Treasury shares

Based on the resolutions made during the board meetings on May 8 and August 7, 2019, respectively, the Company determined to repurchase 1,500 thousand shares each, totaling 3,000 thousand treasury shares, to be converted into employee stock options. As of December 31, 2023, a total of 2,760 thousand treasury shares, which had been repurchased, have yet to be converted or canceled.

Movement of treasury share was as follows:

	2023		2022	
	Share (thousands)	Amount	Share (thousands)	Amount
Balance at period beginning (Same as balance at period ended)	2,760	$ 24,831	2,760	$ 24,831

In accordance with the Securities and Exchange Act requirements as stated above, the number of treasury shares purchased should not exceed 10% of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company retained earnings, paid-in capital in excess of par value and realized capital surplus.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged. These shares do not hold any shareholder rights before their completion of transfer.

(p) Share-based payment

(i) Restricted employee shares

On June 22, 2022, the Company's shareholders' meeting decided to award 1,350 thousand shares of employee restricted shares to full-time employees of the Company and its domestic and overseas subsidiaries who meet certain requirements. The restricted shares have been registered with and approved by the Securities and Futures Bureau of FSC. On March 15, 2023, the Board of Directors decided to issue 1,300 thousand shares, and the base date of the capital increase was April 20, 2023.

The aforementioned restricted shares were issued without consideration. 20%, 20%, 30%, and 30% of the restricted shares were vested when the employees continue to provide service for at least 1 year, 2 years, 3 years, and 4 years from the registration and the effective date, and at the same time, meet the performance requirement. After the issuance, the restricted shares are kept by a trust, which is appointed by the Company, before they are vested. These restricted shares shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. The voting rights of these shares are executed by the custodian, and the custodian shall act based on the law and regulations.

The information of the Company's restricted stock was as follows:

Unit: in thousand shares

	2023	2022
Outstanding units at January 1	1,118	2,154
Granted during the year	1,300	-
Forfeited during the year	(614)	(92)
Exercised during the year	-	(944)
Outstanding units at December 31	**1,804**	**1,118**

As of December 31, 2023 and 2022, the unearned employee compensation balances were $6,163 and $2,702, respectively. A total of 614 thousand and 92 thousand employee restricted shares were retrieved and canceled due to failure or loss of qualifications to meet the vesting requirements for the years ended December 31, 2023 and 2022, respectively. The effective date of capital reduction were March 15, 2023 and March 16, 2022, and the related registration procedures have been completed.

The expenses incurred by the Company for employee restricted shares were $4,001 and $3,354 for the years ended December 31, 2023 and 2022, respectively.

(Continued)

(q) Earnings (losses) per share

Basic earnings (losses) per share and diluted earnings (losses) per share for the years ended December 31, 2023 and 2022, was computed as follows:

Basic earnings per share		**2023**	**2022**
Belong to parent company net loss	$	(29,820)	(13,759)
Weighted-average number of outstanding shares (in thousands)		50,655	50,489
Basic earnings (losses) per share (dollars)	$	(0.59)	(0.27)

Diluted earnings per share		**2023**	**2022**
Belong to parent company net loss	$	(29,820)	(13,759)
Weighted-average number of outstanding common shares (in thousands)		50,655	50,489
Employee restricted shares		-	-
Weighted-average number of outstanding common shares (After adjusting for dilutive potential common share impact)		50,655	50,489
Diluted earnings (losses) per share (dollars)	$	(0.59)	(0.27)

In 2023 and 2022, the employee restricted shares had an anti-dilutive effect; hence, no diluted losses per share was required to be computed.

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

		2023	**2022**
Primary geographical markets:			
Netherland	$	248,431	303,999
Taiwan		14,773	16,569
United States		34,775	27,679
Others		3,743	3,208
	$	301,722	351,455
Major products / servises lines:			
LCD monitors	$	287,955	335,307
Medical equipment		796	1,760
Others accessories		7,761	9,185
Rental income		5,210	5,203
	$	301,722	351,455

(Continued)

(ii) Contract balances

1) Please refer to note 6(c) for the information of notes and accounts receivable and its impairment.

2) Contract liabilities

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liability (receipt in advance)	$ 128,243	144,414	178,309

The amount of revenue recognized for the years ended December 31, 2023 and 2022, that included in the contract liability balance at the beginning of the periods were $144,414 and $178,309, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Employee compensation and directors' remuneration

According to the Company’s Articles of Incorporation require that earning shall first be offset against any deficit, then, a minimum of 10% will be distributed as employees' remuneration and a maximum of 2% will be allocated as directors’ remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirement.

Due to loss before tax for the year ended December 31, 2023 and 2022, no employees' compensation and directors’ remuneration was recognized. The related information can be accessed through the Market Observation Post System website.

(t) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration to credit risk

The proportion of the Company’s sales revenue form subsidiaries were both 94% in 2023 and 2022.

3) Receivables and debt securities

For credit risk exposure of note and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost include cash and cash equivalents, other receivables, and guaranteed deposits, are considered to have low risk, and thus, the impairment provision recognized during the period is limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Within a year	Over 1 year
December 31, 2023				
Non-derivative financial liabilities:				
Short-term borrowings	$ 188,000	(188,551)	(188,551)	-
Notes and accounts payable	56,296	(56,296)	(56,296)	-
Other payables	15,242	(15,242)	(15,242)	-
Guaranteed deposits	891	(891)	-	(891)
	$ 260,429	**(260,980)**	**(260,089)**	**(891)**
December 31, 2022				
Non-derivative financial liabilities:				
Short-term borrowings	$ 214,000	(215,766)	(215,766)	-
Notes and accounts payable	12,699	(12,699)	(12,699)	-
Other payables	11,514	(11,514)	(11,514)	-
Guaranteed deposits	891	(891)	-	(891)
	$ 239,104	**(240,870)**	**(239,979)**	**(891)**

The Company does not expect the cash flows included in the maturity analysis, to occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk (expressed in thousands for foreign currencies)

The Company's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 809	USD/NTD =30.705	24,840	1,395	USD/NTD =30.71	42,840
Financial liabilities						
Monetary items						
USD	1,836	USD/NTD =30.705	56,374	572	USD/NTD =30.71	17,566

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables that are denominated in foreign currency.

A weakening (strengthening) 5% of each foreign currency against the functional currency on 2023 and 2022 would have affected the net loss before tax as follows:

	December 31, 2023	December 31, 2022
USD (against the TWD)		
Appreciate 5%	$ (1,577)	1,264
Depreciate 5%	1,577	(1,264)

The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount for disclosure. For the years ended December 31, 2023 and 2022, the foreign exchange gain (loss) including realized and unrealized, amounted to $560 and $8,032, respectively.

(Continued)

(iv) Interest rate analysis

Please refer to liquidity risk for the details of financial assets and liabilities exposed to interest rate risk.

		December 31, 2023	December 31, 2022
Variable rate instruments (carrying amount):			
Financial assets	$	25,143	43,574
Financial liabilities		(188,000)	(214,000)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents management of the Company's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 0.25%, the net loss before tax would have increased or decreased by $407 and $426 for the years ended December 31, 2023 and 2022, respectively, which would mainly result from the bank savings, time deposits and short-term borrowings with variable interest rates at the reporting date.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and of financial assets at fair value through other comprehensive income are measured on a recurring basis.

Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liability that are not based on observable market data.

(Continued)

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2023				
		Fair value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss:					
Mandatorily designated at fair value through profit or loss	$ 30,000	-	-	30,000	30,000
Financial assets measured at amortized cost:					
Cash and cash equivalents	31,435	-	-	-	-
Notes and accounts receivable	4,086	-	-	-	-
Other receivables	1,680	-	-	-	-
Restricted deposits (recognized as other non-current assets)	2,334	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	5	-	-	-	-
	$ 69,540				
Financial liabilities measured at amortized cost:					
Short-term borrowing	$ 188,000	-	-	-	-
Notes and accounts payable	56,296	-	-	-	-
Other payables	15,242	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	$ 260,429				

(Continued)

	December 31, 2022				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:					
Mandatorily designated at fair value through profit or loss	$ 31,600	-	-	31,600	31,600
Financial assets measured at amortized cost:					
Cash and cash equivalents	60,733	-	-	-	-
Notes and accounts receivable	2,081	-	-	-	-
Other receivables	1,660	-	-	-	-
Restricted deposits (recognized as other non-current assets)	2,444	-	-	-	-
Guaranteed deposits (recognized as other non-current assets)	202	-	-	-	-
	$ 98,720				
Financial liabilities measured at amortized cost:					
Short-term borrowing	214,000	-	-	-	-
Notes and accounts payable	12,699	-	-	-	-
Other payables	11,514	-	-	-	-
Guaranteed deposits	891	-	-	-	-
	$ 239,104				

2) Fair value valuation technique for financial instruments not measured at fair value

The book value of financial assets and liabilities at amortized cost in the report is approximately its fair value.

3) Fair value valuation technique for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument will use the public quoted price of the active market as the fair value if it has the public quoted price of the active market.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by using a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(Continued)

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) There were no transfer among fair value hierarchies for the years ended December 31, 2023 and 2022.

5) Reconciliation of Level 3 fair values

		Non derivative mandatorily measured at fair value through profit or loss
Balance on January 1, 2023	$	31,600
Addition		30,000
Exercise of the right of conversion in the current period		(31,600)
Balance on December 31, 2023	**$**	**30,000**
Balance on January 1, 2022	$	7,113
Addition		31,600
Elimination through consolidation		(7,113)
Balance on December 31, 2022	**$**	**31,600**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at “fair value through other comprehensive income- convertible bonds”.

(Continued)

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss — convertible bonds	Revenue method (Discounted Cash Flow Method)	• Discounted rate in lack of market liquidity as of December 31, 2023 and 2022 was 37.02% and 30.68%.	• The higher the discounted rate is, the lower the fair value will be.

(u) Financial risk management

(i) Briefings

The Company is exposed to the following risks arising from financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance department provides business services for the overall internal department. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both domestic and international financial market operations.

The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative and non-derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of non-derivative financial instruments, and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policy and the risk management policies and procedures. The Company has no transactions in financial instruments for the purpose of speculation.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and cash in banks.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, and these limits are reviewed periodically. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis. The Company constantly assesses the financial status of the customers.

Also, the Company through subsidiaries to sell products at Europe and America area, and controls the credit and evaluates the financial condition of these clients to reduce the credit risk of accounts receivable.

2) Investment

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company deposits the cash in different financial institutions for the purpose of controlling the credit risk in each financial institution. Therefore, there is no significant credit risk of bank deposits.

3) Guarantees

Please refer to note 13(a) for the Company provided financial guarantees to its subsidiaries as of December 31, 2023.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank forms an important source of liquidity for the Company. As of December 31, 2023 and 2022, the unused short-term bank facilities were $269,462 and $236,922, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily, the New Taiwan Dollars (TWD), Euro (EUR), US Dollars (USD), and Chinese Yuan (CNY).

2) Interest rate risk

The Company borrows funds on variable interest rates, which has a risk exposure in cash flow.

(v) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings.

The Company monitors the capital structure by way of periodical review on the liability ratio. The Company's capital is the "total equity" in the balance sheets, same with the total liabilities being subtracted to the total assets.

As of December 31, 2023 and 2022, the liability ratios were as follows:

		December 31, 2023	December 31, 2022
Total liabilities	$	392,403	386,859
Total assets		794,121	806,298
Liability ratio		49 %	48 %

As of December 31, 2023, there were no changes in the Company's approach of capital management.

(w) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022:

Reconciliation of liabilities arising from financing activities were as follows:

		January 1, 2023	Cash flows	December 31, 2023
Short-term borrowings	$	214,000	(26,000)	188,000
Deposits received		891	-	891
Total liabilities from financing activities	**$**	**214,891**	**(26,000)**	**188,891**

(Continued)

		January 1, 2022	Cash flows	December 31, 2022
Short-term borrowings	$	114,000	100,000	214,000
Deposits received		891	-	891
Total liabilities from financing activities	$	114,891	100,000	214,891

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are subsidiaries and entities that have had transactions with related parties during the periods covered in the financial statements：

Names and relationship with related parties	Relationship with the Company
AG Neovo International Ltd.	Subsidiary
AG Neovo Technology B.V. (AG Neovo B.V.)	Subsidiary
AG Neovo Investment Co., Ltd. (AG Neovo Investment)	Subsidiary
AG Neovo Technology Corp. (AG Neovo USA)	AG Neovo International’s subsidiary
AG Neovo Technology (Shanghai) Co., Ltd (AG Neovo Shanghai)	AG Neovo Investment’s subsidiary
Taiwan Biophotonic Corporation (tPBC) (Note 1)	Subsidiary

Note 1: The Company obtained substantial control over tBPC in April 2022.

(b) Significant transactions with related parties

(i) Operating revenues

The amounts of significant sales by the Company to related parties were as follows:

		Sales	
		2023	2022
Subsidiary－AG Neovo B.V.	$	248,431	303,999
Sub-Subsidiary－AG Neovo USA		34,775	27,679
	$	283,206	331,678

The Company sells monitors to the subsidiaries and grandson companies, the price is based on the cost mark-up by a certain percentage, and makes necessary adjustments as appropriate. The ending inventory of the subsidiaries and grandson companies are recorded as the Company’s inventory, and the Company shall not be recognized as sales until they are delivered. The credit terms of unrelated parties are 30~90 days after delivery.

(Continued)

(ii) Receipts in advance

		December 31, 2023	December 31, 2022
Subsidiary－AG Neovo B.V.	$	100,057	107,785
Sub-subsidiary－AG Neovo USA		28,170	36,577
	$	**128,227**	**144,362**

(iii) Acquisitions of financial assets

The 300 and 316 units of convertible bonds issued by tBPC were acquired by the Company, each amounting to $30,000 and $31,600 in 2023 and 2022, respectively, which were classified as financial assets measured at fair value through profit or loss. Please refer to note 6(b).

(iv) Disposal and conversion of convertible corporate bonds

The Company exercised its rights to convert matured convertible bonds issued by tBPC in April, June, July and October of 2023, respectively, for related information, please refer to note 6(e).

tBPC redeemed 108 units of secured convertible bonds in June 2022, with a total of $11,664 plus interest, and the Company has fully received.

(v) Guarantees

		December 31, 2023	December 31, 2022
Subsidiary－AG Neovo B.V.	$	150,000	150,000
Sub-subsidiary－AG Neovo USA		40,000	40,000
	$	**190,000**	**190,000**

(c) Key management personnel transaction

Key management personnel compensation comprised:

		2023	2022
Short-term employee benefits	$	8,378	9,813
Post-employment benefits		144	144
	$	**8,522**	**9,957**

(Continued)

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	Object		December 31, 2023	December 31, 2022
Land and buildings	Guarantee for short-term loans and the credit lines	$	114,434	115,281
Investment property	〃		158,918	160,101
Restricted deposits (recognized as other non-current assets)	Warranty guarantee		2,334	2,444
		$	275,686	277,826

(9) Commitments and contingencies:

As of December 31, 2023 and 2022, the unused balances of the Company's letters of credit amounted to $17,853 and $7,034, respectively.

(10) Losses due to major disasters: None.

(11) Subsequent events:

In order to fully reflect the current use status and value of investment properties, the Company announced that on March 11, 2024, the Board of Directors resolved to change the accounting policy for the subsequent measurement of investment properties from the cost model to the fair value model starting from January 1, 2024.

This accounting change is expected to be retrospectively adjusted to increase the retained earnings in the individual financial statements by $62,707, while increasing investment properties by $64,899 and deferred tax liabilities by $2,192, respectively. Investment properties at 31 December 2023 increased by $74,082 due to an increase of $8,000 in fair value adjustment gains and a decrease of $1,183 in lease costs – depreciation expense in 2023.

In summary, as of December 31, 2023, the increase in retained earnings due to the adoption of the fair value model is expected to be retrospectively adjusted by a total of $71,890 thousand.

(Continued)

(12) Other:

(a) A summary of current-period employee benefits, depreciation and amortization, by function, is as follows:

By function / By item	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	-	44,627	44,627	-	44,114	44,114
Labor and health insurance	-	3,585	3,585	-	3,524	3,524
Pension	-	2,668	2,668	-	2,666	2,666
Remuneration of directors	-	1,640	1,640	-	1,440	1,440
Others	-	2,232	2,232	-	2,431	2,431
Depreciation	1,232	1,312	2,544	1,232	1,322	2,554
Amortization	903	183	1,086	584	772	1,356

Note: The depreciation for the years ended December 31, 2023 and 2022 included the depreciation of investment property amounted to $1,183 in both.

Additional information on the numbers of employee and employee benefits were as follows:

	2023	2022
Number of employees	43	43
Non-employee directors	4	4
Average labor cost	$ 1,362	1,352
Average salary and bonus	$ 1,144	1,131
Percentage change in average salary and bonus	1%	
Supervisor's remuneration	$ -	-

The information on the Company's remuneration policy (including Directors, managers and employees) is as follows:

The Company has a policy on directors' remuneration and employees' remuneration in its Articles of Incorporation and sets up the Remuneration Committee to evaluate and supervise the remuneration system for directors and managers of the Company. The remuneration of directors and managers shall be handled in accordance with the Articles of Incorporation and personnel management regulations, after reviewing by the Remuneration Committee, and resolved by the Board of Directors, then the resolution shall be submitted to the shareholders' meeting for approval, and shall be paid reasonably in addition to taking into account the Company's operating performance, future risks, development strategies and industrial trends.

In accordance with the laws and the needs of various regions, the Company has developed a complete employee welfare system to provide employees with good remuneration and benefits. Employee compensation includes monthly pay, dividend bonuses based on operating performance, and employee compensation in accordance with annual profitability and Articles of Incorporation.

(Continued)

The Company conducts regular company wide employee performance appraisals each year to understand the performance of employees as a basis for promotion, training, and compensation adjustment.

As set out in Articles 19-1, 20 and 21 of the Articles of Association of the Company, the Company shall, in accordance with the current year's profit status, allocate not less than 10 percent of the profit as the employees' remuneration in accordance with the remuneration policies of employees and directors, and the Company shall also allocate not more than 2 percent of the profit as the directors' remuneration. However, if the Company still has accumulated losses, it should reserve the amount of accumulated losses in advance. The profit status for the year refers to the pre-tax profit of the current year less the employees' remuneration and the directors' remuneration. The remuneration of the former employee may be made in stock or cash, and shall be paid to an employee of the Company who meets certain conditions, which shall be determined by the Board of Directors. Employees' remuneration and directors' remuneration shall be allocated by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, a report of such distribution shall be submitted to the shareholders' meeting.

According to the Company Act, the object of the transfer of the treasury shares acquired by the Company, the object of the issuance of the employee stock option, the employee who purchased the shares when issuing the new shares and the object of issuing the new restricted employee shares, including employees of the holding company or the subordinate company who meet certain conditions, which shall be determined by the Board of Directors.

When a director of the Company performs his duties with the Company, regardless of the Company's operating profits and losses, the Company shall pay the remuneration, which shall be authorized by the Board of Directors in accordance with the degree of participation and value of the Company's perations, at the same level with the same industry.

If the Company suffered a pre-tax net loss, then there is no need to estimate the remuneration of employees and directors.

(13) Other disclosures:

(a) Information on significant transactions

The followings are the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the year ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars and foreign currencies)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Amount of property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount of guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	AG Neovo B.V	100% owned subsidiary	401,718	150,000	150,000	-	-	37.34%	401,718	Yes	No	No
0	The Company	AG Neovo USA	100% owned subsidiary	401,718	40,000	40,000	3,685	-	9.96%	401,718	Yes	No	No

Note：According to the Company' s Procedures for Endorsement and Guarantee, the total amount of endorsements and guarantees, which the Company or the Group is permitted to provide, shall not exceed 100% of the Company' s net worth.

(iii) Information regarding securities held at the reporting date (excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars and shares (units))

Company holding securities	Security type and name	Relationship with the Company	Account	December 31, 2023				Remark
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	IRONYUN INCORPORATED	-	Financial assets measured at fair value through other comprehensive income－non-current	6,025	-	3.54 %	-	Note 1
The Company	Convertible bonds (tBPC)	-	Financial assets measured at fair value through profit or loss-non-current	300	30,000	- %	30,000	

Note 1: Stocks are comprised of 552 preferred shares and 5,473 common shares at the reporting date.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Company name	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Remark
			Purchase /(Sale)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	AG Neovo B.V	100% owned subsidiary	(Sale)	(248,431)	(82)%	90 days net from date of invoice	The price is not comparable with that of the general customers.	90 days net from date of invoice; actual payments would depend on the capital demand.	Note 1	-%	Note 1

Note 1：As of December 31, 2023, the amount of receipt in advance was $100,057.

(Continued)

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/ foreign currencies and share in thousand units)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Ending Balance as of December 31, 2023			Net income (loss) of the Investee (Note2)	Investment income (loss) recognized by the investor (Note2)	Remark
				December 31, 2023 (Note 1)	December 31, 2022 (Note 1)	Shares	Percentage of ownership	Carrying value (Note 1)			
The Company	AG Neovo International	British Virgin Islands	Investment	343,957	343,957	0.8	100%	30,595	(276)	(276)	
The Company	AG Neovo B.V	Netherlands	Sales of LCD monitors	187,013	187,013	4.8	100%	215,575	2,284	2,284	
The Company	AG Neovo Investment	British Virgin Islands	Investment	14,796	14,796	0.5	100%	1,954	(2,073)	(2,073)	
The Company	Taiwan Biophotonic Corporation	Taiwan	Research and development, manufacture and sale of medical equipment and health care products	126,455	92,327	198,734	57%	9,028	(58,583)	(30,255)	Note 3
AG Neovo International	AG Neovo USA	U.S.A.	Sales of LCD monitors and medical equipment	92,115 (US$3,000)	92,115 (US$3,000)	702	100%	26,050 (US$848)	(1,345) (US$(43))	Recognized by AG Neovo International	

Note 1: The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.705 at reporting date.
Note 2: The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.1548 based on the average exchange rate at reporting date.
Note 3: The total amount included the reversal of bonds valuation loss of $1,462.

(c) Information on investment in mainland China:

(i) The related information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/foreign currencies and shares in thousand units)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 2)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023 (Note 2)	Investment		Accumulated outflow of investment from Taiwan as of December 31, 2023 (Note 2)	Net income (loss) of the investee company (Note 3)	Percentage of ownership	Investment income (loss) recognized (Notes 3)	Carrying value as of December 31, 2023 (Note 2)	Accumulated remittance of earnings as of December 31, 2023
					Outflow	Inflow						
AG Neovo (Shanghai)	Sales of LCD monitors	15,353 (US$500)	Note 1	15,353 (US$500)	-	-	15,353 (US$500)	(2,073) (US$(66))	100%	(2,073) (US$(66))	1,954 (US$64)	-

(ii) Upper limit on investment in Mainland China:

(In Thousands of New Taiwan Dollars and foreign currencies)

Accumulated investment in Mainland China as of December 31, 2023 (Notes 2 and 4)	Investment amounts authorized by Investment Commission, MOEA (Notes 2 and 4)	Upper limit on investment
123,925 (US$4,036)	123,925 (US$4,036)	241,031

Note 1 : Indirect investment in Mainland China through companies registered in the third region.
Note 2 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD30.705 at reporting date.
Note 3 : The amounts in New Taiwan Dollars were translated at the exchange rates of USD31.1548 based on the average exchange rate at reporting date.
Note 4 : Including the withdrawn amount of investment from the Shanghai CIMC Baowell Industries Co., Ltd.

(iii) Significant transactions: None.

(Continued)

(d) Major shareholders:

Shareholding Shareholder' s Name	Shares	Percentage
CTBC in custody for Top Group Holdings, Ltd.	8,011,294	14.50%
David Pi	3,502,541	6.34%

(14) Segment information:

Please refer to the annual consolidated financial statements for the year ended December 31, 2023.

ASSOCIATED INDUSTRIES CHINA, INC.

Statement of Cash and Cash Equivalents

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	
Cash	Petty cash and cash on hand	$	504
Checking accounts			2,889
Demand deposits	NTD		702
〃	Foreign currency (USD796 thousands)		24,440
Time deposits	NTD		2,900
		$	**31,435**

Note: The exchange rate: USD1= NTD30.705

ASSOCIATED INDUSTRIES CHINA, INC.

Statement of Notes and Accounts Receivable-Non-related Party

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Notes Receivable		
Company A	Non-related party	$ 344
Company B	〃	677
Accounts Receivable		
Company AK	Non-related party	1,430
Company AQ	〃	365
Company AE	〃	344
Company AH	〃	340
Company AD	〃	248
Other (Note)		345
		4,093
Less: Loss allowance		(7)
Total		$ 4,086

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

Statement of Inventories

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net realizable value
Merchandise inventories	$ 198,727	214,685
Less: Allowance for inventory valuation loss and obsolescence	(19,933)	
Total	$ 178,794	

ASSOCIATED INDUSTRIES CHINA, INC.

Statement of Changes In Investments Accounted For Using The Equity Method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increase (Decrease)					Ending Balance				
Invested company	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Share of profit (loss) of subsidiaries and associates	Impairment loss	Exchange differences on translation of foreign financial statements	Shares (in thousands)	Percentage of ownership	Amount	Net assets value	Collaterals or pledged assets
AG Neove International Ltd.	0.8	$ 31,027	-	-	(276)	-	(156)	0.8	100 %	30,595	30,595	None
AG Neovo B.V.	4.8	205,366	-	-	2,284	-	7,925	4.8	100 %	215,575	215,575	〃
AG Neovo Investment	0.5	4,070	-	-	(2,073)	-	(43)	0.5	100 %	1,954	1,954	〃
Taiwan Biophotonic Corporation	10,094	4,783	188,640 (Note)	34,500	(30,255)	-	-	198,734	56.98 %	9,028	9,028	〃
Total		$ 245,246		34,500	(30,320)	-	7,726			257,152		

Note: tBPC issued no par value shares.

ASSOCIATED INDUSTRIES CHINA, INC.

Statement of Changes in Property, Plant and Equipment

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to note (6)(g).

Statement of Changes in Investment Property

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to note (6)(h).

Statement of Changes in Intangible Assets

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Please refer to note (6)(i).

ASSOCIATED INDUSTRIES CHINA, INC.

Statement of Short-Term Borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Contract period	Interest rate	Credit lines	Collateral or pledged assets	Ending balance
Hua Nan Bank	Unsecured loans	2023.07~2024.01	Note	30,000	None	$ 25,000
Taiwan Cooperative Bank	Unsecured loans	2023.08~2024.08	〃	24,000	None	20,000
Chang Hwa Bank	Secured loans	2023.07~2024.06	〃	370,000	Land and building	110,000
Mega International Commercial Bank	Unsecured loans	2023.07~2024.07	〃	25,000	None	13,000
First Bank	Secured loans	2023.06~2024.06	〃	30,000	Land and building	20,000
						$ 188,000

Note: Between 2.06%~2.81%.

Statement of Notes and Accounts Payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Suppliers	Description	Amount
Accounts payables:		
Company AQ	Non-related party	$ 22,482
Company AP	〃	17,296
Company AT	〃	14,998
Other (Note)	〃	1,520
		$ 56,296

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

ASSOCIATED INDUSTRIES CHINA, INC.

Statement of Other Payables

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Payroll payable and bonuses	Estimated year-end bonuses and unpaid leave	$ 5,939
Estimated expense	Labor and health insurance and pension	4,191
Payables expenses	Shipping expenses	3,042
Professional service fees payable	Professional service fee	1,870
Other (Note)	Taxes and other estimated expenses	200
		$ 15,242

Note: The amount of each item included in others does not exceed 5% of the account balance.

Statement of Operating Revenues

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity (thousand units)	Amount
Sales revenue		
LCD monitors	44	$ 287,955
Medical equipment	1	796
Others accessories and others	15	7,761
Net sales		296,512
Rental income		5,210
Operating revenues, net		$ 301,722

ASSOCIATED INDUSTRIES CHINA, INC.

Statement of Operating Costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
The inventory, beginning of year	$ 192,792
Add: Purchases	217,737
Less: Transferred to expense and others	(238)
The inventory, end of year	(198,727)
Cost of goods sold	211,564
Add: The depreciation of molding equipment, amortization and others	10,385
Lease cost	1,601
Inventory valuation loss and obsolescence	2,751
Operating costs	**$ 226,301**

VI. Influence of any difficulty with financial solvency of the Company and its affiliate on the Company’s financial position in the most recent year and up to the publication date of this annual report: None.

Seven. Financial Position and Financial Performance Review Analysis and Risk Management

I. Financial position analysis

Unit: NT$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	400,578	426,643	(26,065)	(6.11)
Property, plant and equipment	123,023	131,950	(8,927)	(6.77)
Right-of-use assets	6,206	15,328	(9,122)	(59.51)
Investment property	158,918	160,101	(1,183)	(0.74)
Intangible assets	25,185	29,338	(4,153)	(14.16)
Other assets	6,613	7,593	(980)	(12.91)
Total assets	720,523	770,953	(50,430)	(6.54)
Current liabilities	308,373	332,239	(23,866)	(7.18)
Non-current liabilities	3,551	7,533	(3,982)	(52.86)
Total liabilities	311,924	339,772	(27,848)	(8.20)
Share capital	552,186	545,326	6,860	1.26
Capital surplus	30,302	29,328	974	3.32
Retained earnings	(44,166)	(14,346)	(29,820)	207.86
Other equity	(111,773)	(116,038)	4,265	(3.68)
Treasury shares	(24,831)	(24,831)	0	0.00
Equity attributable to owners of parent company	401,718	419,439	(17,721)	(4.22)
Total equity	408,599	431,181	(22,582)	(5.24)

The main reason for and impact of the increase or decrease in assets, liabilities, or equity by 20% or more during the most recent two years with the increase or decrease amounting to NT$10 million; if the impact is significant, please specify a future response plan:

(I) The increase or decrease by 20% compared with the prior period with the increase or decrease amounting to NT$10 million:

The decrease in retained earnings: Mainly due to the subsidiary's operating loss in 2023.

(II) Impact: No significant impact was posed.

(III) Future response plan: N/A.

II. Financial performance analysis

Unit: NT$ thousand

Item / Year	2023	2022	Increase/Decrease	Percentage
Operating revenue	510,587	594,422	(83,835)	(14.10)
Operating cost	312,110	405,439	(93,329)	(23.02)
Gross profit	198,477	188,983	9,494	5.02
Operating expense	239,769	225,353	14,416	6.40
Net operating income (loss)	(41,292)	(36,370)	(4,922)	13.53
Non-operating income and expenses	(14,605)	5,921	(20,526)	(346.66)
Net income (loss) before tax	(55,897)	(30,449)	(25,448)	83.58
Income tax expense	876	484	392	80.99
Net income (loss) for this period	(56,773)	(30,933)	(25,840)	83.54
Other comprehensive income for this period (net of tax)	7,726	9,259	(1,533)	(16.56)
Total comprehensive income for this period	(49,047)	(21,674)	(27,373)	126.29
Net profit (loss) attributable to owners of parent company in current period	(29,820)	(13,759)	(16,061)	116.73
Total comprehensive income attributable to owners of parent company	(22,094)	(4,500)	(17,594)	390.98

The main reasons for the material changes in operating revenue, net operating income, and net income before tax by 20% or more in the most recent two years, with the increase or decrease amounting to NT$10 million:

(I) The increase or decrease by 20% with the increase or decrease amounting to NT$10 million is described below:

1. The decrease in operating cost, net loss before tax, net loss in current period, total comprehensive income, net loss attributable to owners of parent, and total comprehensive income attributable to owners of parent: Mainly due to decrease in revenue and increase in loss.
2. The decrease in non-operating revenue and expense: Mainly due to the recognition of asset impairment loss by the subsidiary.

(II) Estimated sales volume and the basis for estimation

We have enhanced our development in professional niche markets of security surveillance, industry, medical care, digital signage, and solutions and estimated to ship 50,000 to 70,000 high-end displays per year. We put the improvement to quality and profit before the growth of sales volume. With the increase in the brand values of AG Neovo and the establishment of distribution channels, we estimate that the sales volume in the future will also increase with higher market penetration rates and the expansion into professional application fields.

(III) Potential impact on the Company's future financial business: No material impact is posed.

(IV) Future response plan: N/A.

III. Cash flow analysis

(I) Analysis of changes in cash flows for the year

1. Operating activities: The net cash outflow from operating activities was NT$68,206 thousand, mainly due to a decrease in inventories and an increase of accounts payable.
2. Investing activities: The net cash outflow from investing activities was NT$5,401 thousand, mainly due to an increase in the acquisition of intangible assets.
3. Financing activities: The net cash inflow from financing activities was NT$59,404 thousand, mainly due to a decrease in bank borrowings.

(II) Improvement plan for the estimated cash flow deficit: N/A.

(III) Analysis of cash flows in the coming yearUnit: NTD thousand

Opening balance of cash	Estimated annual net cash flow from operating activities	Estimated annual net cash flow from investing and financing activities	Cash flow surplus (deficit) amount	Remedial measures for cash flow deficit	
				Investment plan	Financial management plan
112,673	38,304	(24,000)	126,977	-	-

IV. Influence of major capital expenditures on financial business in the most recent year: None.

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plan for the following year

(I) Investment policy: Based on the Company's long-term development plan, the Company will focus on strategic investment and long-term holding. Considering the changes in the overall industrial environment, carefully evaluate the benefits of each investment project according to the established rules and regulations of the Company.

(II) The main reason for investment income or loss: Subsidiary Taiwan Biophotonic Corporation is currently in the phase of developing and implementing operational models and product technologies. In the face of the impact of the relationship between China and the United States, inflation caused by the Russia-Ukraine war, interest rate hikes, and fluctuations in market demand, the company remains focused on providing differentiated and optimal solutions in various professional fields. This focus aims to further enhance operational performance.

(III) Improvement plan: Actively explore new customers and expand the medical service business; proactively penetrate into more professional application fields and professional channels, and increase the product portfolio applied in different usage environments, and strengthen the relationship with channel partners through quality improvement, software and hardware integration, and in-depth service. cooperation, strengthen channel efficiency to enhance channel effectiveness and deepen AG Neovo's brand value.

(IV) The investment plan for the following year: Continue to invest in the fields of biomedicine and cloud services, and strengthen external strategic cooperation to bring substantial development benefits to the Company.

VI. Assessment of risk events in the most recent year and up to the publication date of this annual report:

(I) Risk factors:

1. The impact of interest rate, exchange rate changes, and inflation on the Company's profit or loss and future countermeasures:

Item	2023 (NT$ thousand; %)
Net consolidated interest income or expenses	(6,518)
Ratio of net consolidated interest income or expenses to net revenue	(1.28)%
Ratio of net consolidated interest income or expenses to net income before tax	11.66%
Net consolidated exchange gain or loss	2,738
Ratio of net consolidated exchange gain or loss to net revenue	0.54%
Ratio of net consolidated exchange gain or loss to net income before tax	(4.90)%

(1) In respect of interest rates, as the Company borrows funds at floating rates, changes in market interest rates will cause fluctuations in the Company's cash flows. If the interest rate increased or decreased by 0.25% at the balance sheet date, with all other variables held constant, the 2023 and 2022 net income before tax would have decreased or increased by NT$230 thousand and NT$416 thousand, respectively, mainly due to the Group’s demand deposits, time deposits at floating rates, and borrowings at floating rates. The Company adjusts the amounts of loans flexibly in alignment with sales and investment strategies, regularly evaluates bank loan interest rates, and interacts closely with banks. We estimate that changes in interest rates will not pose a significant impact on the Company's future operations and profits.

(2) Regarding exchange rates, the main currency of the Company's revenue is EUR, and we mainly pay in USD. The management team collects information on exchange rate changes in real time and refers to the financial data provided by banks and investment institutions to keep abreast of the exchange rate trends; adjust the foreign currency positions held depending on the capital needs and engage in forward exchange transactions where appropriate hedge exchange risks.

(3) In terms of inflation, as the Company focuses on the sales in the niche market of professional displays with high profit margins, the decrease or recovery of prices of raw materials may have relatively little impact on the Company's profits with our response mechanism.

2. The policy on engagement in high-risk and highly leveraged investment, loans to others, endorsements/guarantees provided, and derivatives trading,
the main reason for profit or loss, and countermeasures:

The Company does not engage in high-risk and highly leveraged investments, nor do we provide loans to others. We handle loans to others, endorsements/guarantees to others, and derivatives trading in accordance with the Company's “Operating Procedures for Loaning of Funds to Others,” “Procedures for Asset Acquisition and Disposal,” and “Operating Procedures for Endorsements and Guarantees”.

3. Future R&D plan and estimated R&D expenses:

(1) AG Neovo will continue to design new products from the perspective of the users’ perspective. The products planned to be developed in 2024 include:

Outdoor display with high brightness

✓The 55”/65”/75” displays with circular polarizers to ensure the best visibility at different brightness levels either semi-outdoor or outdoor.

Professional displays for business or creators

✓24”/27”/34” (21: 9) USB Type C monitors

✓Portable display with 15.6" OLED

PIDS/TIDS/FIDS professional displays for passenger information systems
✓49.5”/31.5”/43”/49”/55”

PSD platform door display
✓31.5”

AFC automatic ticket display
✓23”

Digital pathology analysis display
✓27”/31.5”

Marine monitors
✓24”

LCD color calibration software
✓It improves the performance difference between the brightness and color of an LCD panel, ensures brightness-color consistency in the display, and reproduces a high-precision color environment.

Intelligence's OSD integration software for professional displays
✓Provide professional OSD control software for specific monitors
✓Create a complete user experience for users, and quickly set the value of the monitor according to the usage scenario

Meetboard 4G interactive display
✓Provide Google EDLA certified operating systems to meet user’s software requirements of daily applications.
✓Optimize the whiteboard software user experience and add functions to meet the needs of more meeting scenarios

Android-based digital signages
✓Provide 4K electronic billboards with narrow borders of equal width around the edges
✓Use the Android system to create an optimized user interface

MeetCloud, a cloud-based online collaboration platform developed for remote conference/teaching applications.
✓It expands the scenarios of existing video conference devices
✓It supports for remote collaboration on different platforms and breaks through space constraints.

NeovoXcare device management and control and device health monitoring solutions
✓Complete Command to control all AG Neovo displays
✓Provides accurate device health status monitoring and product life cycle prediction through AI algorithms
✓ It provides a more complete and comprehensive solution to cater the needs for different users’ environments.
✓Create AG Neovo’s membership system, which forecasts market and user needs through big data analysis.

(2) The R&D expenses spent on displays in 2024 is expected to reach NT$22.80 million.

4. The influence of the changes in important policies and regulatory environment at home or abroad on the Company’s financial business, and countermeasures:

We pay close attention to important domestic and overseas policies and changes in laws at any time and timely consult relevant experts, such as legal affairs and accounting experts for evaluation, suggestions, and planning of countermeasures, to stay informed and respond to changes in the market environment. In the most recent year and up to the publication date of this annual report, the above incidents did not pose a material impact on the Company.

5. The influence of changes in technology (including cyber security risks) and the industry on the Company's financial business and countermeasures:

(1) As the TFT-LCD industry to which the Company belongs is characterized by rapid changes, the costs and selling prices should be adjusted with market changes in real time. The Company's sales and product service units assess the impact of such changes on our financial business at all times, and we, in alignment with the growth of the market and technology, develop new ventures and products to maintain market competitiveness in response to new industrial development trends. In the most recent year and up to the publication date of this annual report, it did not pose a material impact on the Company.

(2) Cyber security risk management:

Modern enterprises adopt a number of information systems. To safeguard corporate governance and reduce operational risks, enterprises should develop complete information security measures to protect their important information assets so as to achieve sustainable development. Faced with the challenges of emerging technologies and changes in business models, which leads to new types of crimes, AIC insists on protecting important intellectual property rights, reinforcing the reliability and quality of our professional services, and complying with laws and regulations, such as the Personal Data Protection Act and the Cyber Security Management Act.

a. Analysis of various potential information security threats, with the main items including:

● Fraud rings use fake emails to trick employees into making remittances or transactions.

●Corporate spies or competitors use hacking technology to continuously penetrate into internal servers and steal internal business information.

●Criminal groups work with hackers to distribute contents with malicious links through emails, text messages, social media, or communication software, to encrypt and kidnap victims’ computer data and demand a high ransom.

●Hackers launch a large number of connection requests through the internet to disrupt a company’s normal network operation.

●Internal employees use illegal software or copy the Company's confidential data to their portable storage devices, resulting in data leakage due to loss, theft, or sale of such data.

b. AIC is committed to reducing the probability and impact of such information security threats risks and improving the Company's ability to continue as a going concern. Meanwhile, we adopt various information security protection measures to cope with the above information security threats and carry out risk management and control, including:

●Regularly offer information security education and training to employees to enhance their awareness of email protection.

● Install anti-virus and monitoring software on the user end to block the access right to install software by themselves.

- Install a firewall to control network traffic and applications and develop a security surveillance management mechanism for intranet protection and database access.
- Centralized management of servers, enhance the control of the data center, regularly carry out data backup, and conduct disaster redundancy exercises every year.
- Conduct regular vulnerability scanning and penetration testing.
- Install e-mail filtering devices to intercept malicious and spam emails.
- Store data offsite to improve data security.

6. The influence of a change in corporate image on corporate crisis management and countermeasures: None.
7. Estimated benefits and potential risks of M&A and countermeasures: We did not have such a plan in the most recent year and up to the publication date of this annual report.
8. Estimated benefits and potential risks of plant expansion: We did not have such a plan in the most recent year and up to the publication date of this annual report.
9. Risks of supplier or client concentration:
   The Company sells products mainly through our subsidiaries in the U.S. and the Netherlands, and we do not concentrate sales to specific clients. The products we purchase are mainly produced by several professional OEMs, and the production capacity is allocated as per our production and sales plan, so there is no risk of supplier or client concentration.
10. The influence of massive transfer or replacement of shares by the directors or shareholders each holding more than 10 % of the shares issued by the Company, the risk thereof, and countermeasures:
    There is no such circumstance in the Company.
11. The influence of change in the Company's management right and the risk thereof: N/A.
12. In the case of a court case or a non-contentious case, specify the names of the directors, the General Manager, the de facto responsible person, shareholders each holding more than 10% of company shares, and subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock price, disclose the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this report: None.
13. Other important risks and countermeasures: None.

(II) The risk management organizational structure and the unit responsible for implementation:

With the aforesaid policy, the top-level manager of each department is responsible for supervising and controlling various risks and keeping abreast of each risk at all times. The Audit Department formulates an annual audit plan each year, to check and evaluate the implementation of various control measures and provide improvement suggestions in a timely manner, thereby ensuring the continuous effective implementation of the risk management policy.

The main execution units for the risks below are as follows:

Risk management	Responsible department	Risk management
Strategic risk	President’s Office	Responsible for formulating the Company's business policy, evaluating operational efficiency, and analyzing operations.
Legal risk		Responsible for handling court cases and non-contentious cases, product liability insurance, and implementing risk management business.
Market risk	Product Strategy Center	Responsible for planning new products and conducting market research and evaluation.
Business operation risk	Marketing/Sales Service Center	Responsible for the Company's marketing strategy, product promotion, and keeping abreast of market trends.
Information security risk	Management Service Center	Responsible for the Company's network information security control and protection measures.
Financial risk		Responsible for preparing and calculating the Company's product costs, controlling capital movement, assessing clients’ financial position and their credit risks, and taking hedging measures for foreign exchange and interest rates.
Liquidity risk		
Credit risk		

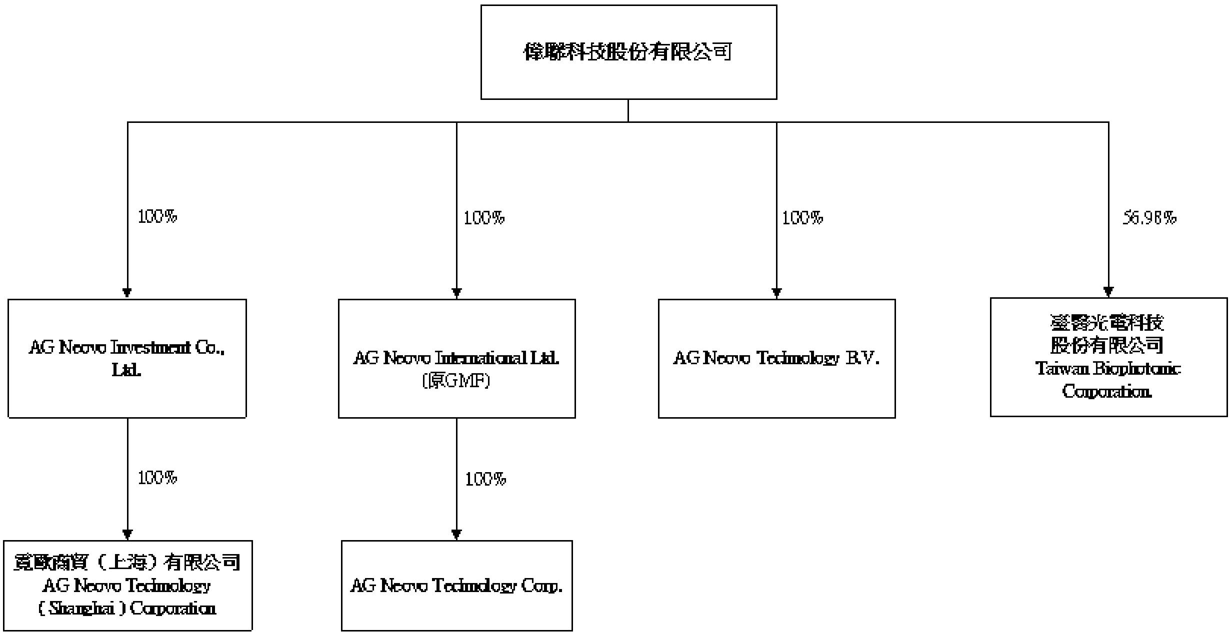
VII. Other important matters: None.

Eight. Special Matters

I. Relevant information on affiliates:

(I) Overview of affiliates

1. Organizational chart of affiliates (2023.12.31)



2. Basic information on each affiliate

Company	Date of incorporation	Address	Paid-in capital	Main business or item produced
AG Neovo International LTD.(Formerly known as GMF)	2001.09.24	Tropic Isle Building, P.O.Box 438 Road Town, Tortola British Virgin Islands	USD 11,161,780	Investment in businesses
AG Neovo Technology B.V.	2000.11.06	Molenbaan 9, 2908 LL Capelle aan den I Jssel, Rotterdam Netherlands	EUR 4,800,000	Sales of LCDs
AG Neovo Technology Corp.	1999.12.28	48501 Warm Springs Blvd. Suite 114 Fremont, CA 94539	USD 3,000,000	Sales of LCD and medical devices
AG Neovo Investment Co., Ltd.	2012.01.03	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 500,000	Investment in businesses
AG Neovo Technology (Shanghai) Corporation	2012.06.28	Room 135, No. 66, Miaojing Road, Minhang District, Shanghai, China	USD 500,000	Sales of LCDs
DiTaiwan Biophotonic Corporation (Note 1)	103.04.22	Hsinchu Science Park 4F.-1, No. 6-1, Shengyi 2nd Rd., Zhubei City, Hsinchu County	TWD 129,265,940	The R&D, manufacturing, and medical equipment and health care products.

Note 1: The Company increased the investment in tBPC's convertible corporate bonds in April 2022. In consideration of the comprehensive shareholding ratio based on the potential common stocks and the Company's expected domination over its operating and financial activities, the Company has the substantive control power and thus incorporates it as a subsidiary in the consolidated financial statements from the acquisition date of control.

Note 2: As of December 31, 2023, the exchange rates were 1 USD to 30.705 NTD; 1 EUR to 33.98 NTD. The average exchange rates for 2023 were 1 USD to 31.1811 NTD; 1 EUR to 33.7286 NTD.

3. Information on the shareholders shared by those presumed to be controlling and controlled companies: N/A.

4. Industries to which the affiliates belong:

The Company's and its affiliates' business includes sales of LCDs and components thereof and after-sales services, sales of medical devices, real property leasing, and investment in other businesses.

5. Information on directors, supervisors, and general managers of affiliates:

December 31, 2023

Company	Title	Name or representative	Shareholding	
			Number of Shares	Shareholding
AG Neovo International LTD. (Formerly known as GMF)	Director	Pi Hua-Chung; Chao Hsin-Yuan	800	100%
	President	Hua-Chung Pi		
AG Neovo Technology B.V.	Director	Pi Hua-Chung; Chao Hsin-Yuan; Yu Hung-Chun; Law, Wai-Men	4,800	100%
	President	Hung-Chun Yu		
AG Neovo Technology Corp.	Director	Hua-Chung Pi; Hsin-Yuan Chao; Hung-Chun Yu; Wan-Wei Lu; Wei-Te Meng	702,000	100%
	President	Hsin-Yuan Chao		
AG Neovo Investment Co., Ltd.	Director	Pi Hua-Chung; Chao Hsin-Yuan	500	100%
	President	Hua-Chung Pi		
AG Neovo Technology (Shanghai) Corporation	Director	Pi Hua-Chung; Chao Hsin-Yuan; Chen Chia-Hsin	-	100%
	Supervisor	Wan-Wei Lu		
	President	Hua-Chung Pi		
Taiwan Biophotonic Corporation	Director	Hua-Chung Pi, representative of Associated Industries China, Inc.; Yun Yu, representative of Associated Industries China, Inc.; Hsin-Yuan Chao, representative of Associated Industries China, Inc.; Sen-Kuei Chang and Chang-Sheng Chu, representatives of Industrial Technology Investment Corporation	198,734,180	57%
	Supervisor	Wan-Wei Lu		
	President	Representative of Associated Industries China, Inc., Hsin-Yuan Chao		

6. Overview of the operations of affiliates:

Unit: NT$ thousand

Company	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit or loss (after tax)	Earnings per share (NT$) (after tax)
AG Neovo International LTD.	343,957	30,595	-	30,595	-	-	(276)	N/A
AG Neovo Technology B.V.	187,013	265,458	49,883	215,575	413,661	1,659	2,284	N/A
AG Neovo Technology Corp.	92,115	55,746	29,696	26,050	80,071	(262)	(1,345)	N/A
AG Neovo Investment Co., Ltd.	14,796	1,954	-	1,954	-	-	(2,073)	N/A
AG Neovo Technology (Shanghai) Corporation	15,353	1,993	39	1,954	463	(2,076)	(2,073)	N/A
Taiwan Biophotonic Corporation	126,455	59,850	43,855	15,995	2,269	(43,329)	(58,583)	N/A

Note: As of December 31, 2023, the exchange rates were 1 USD to 30.705 NTD; 1 EUR to 33.98 NTD.
The average exchange rates for 2023 were 1 USD to 31.1811 NTD; 1 EUR to 33.7286 NTD.

(II) Consolidated financial statements of affiliates:

The affiliates that are required to be included in the “Company’s consolidated financial statements” as of and for the year ended December 31, 2023, under the “Criteria Governing the Preparation of Affiliation Reports”, “Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standards No. 10. In addition, the information required to be disclosed in the combined financial statements of affiliates is included in said consolidated financial statements. Consequently, a separate set of combined financial statements of affiliates will not be prepared.

(III) Affiliation report: There is no need to prepare an affiliation report.

II. Private placement of securities in the most recent year up to the publication date of this annual report: None.

III. Subsidiaries holding or disposing of the Company's shares in the most recent year and up to the publication date of this annual report: None.

IV. Other necessary supplementary information: None.

Nine. Any event specified with a material impact on shareholders’ rights and interest or securities prices

No such an event as specified in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act with a material impact on shareholders’ rights and interest or securities prices occurred to the Company during 2023 and up to the publication date of this annual report.

Associated Industries China, Inc.

Chairman: Pi Hua-Chung