



Teco Image Systems Co., Ltd.

2021 Annual Report

Note to Readers:

If there is any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System

<http://mops.twse.com.tw>

Corporate Website

<http://www.tecoimage.com.tw>

Spokesperson

Name : Chang Chen-Cheng
Title : Executive General Manager
Tel : +886-2-2792-1116
Email : ir@tecoimage.com.tw
Deputy Spokesperson
Name : Lai Chien-i
Title : Manager
Tel : +886-3473-3112
Email : ir@tecoimage.com.tw

Headquarter and Plants

Name	Address	Telephone
Headquarters	6F.-6, No.79, Sec.1,Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan (R.O.C.)	+886-2-2792-1116
Guanyin Plant	2F., No. 1568-1,Sec. 1, Zhongshan Rd.,Guanyin Dist., Taoyuan City , Taiwan (R.O.C.)	+886-3-473-3112

Stock Transfer Agent

Name: CTBC Bank – Transfer Agency
Address: 5F., No. 83,Sec. 1, Chongqing S. Rd.,Zhongzheng Dist., Taipei City ,
Taiwan (R.O.C.)
Website: <http://www.ctbcbank.com>
TEL.: +886- 2-6636-5566

CPA of Financial Report

Name: CPA Huang, Shih-chun , CPA Yeh, Tsui-Miao
Accounting firm: PwC Taiwan
Address: 27F., No.333, Sec. 1, Keelung Rd., Songshan Dist., Taipei City,
Taiwan (R.O.C.)
Website: <http://www.pwc.tw>
TEL.:+886- 2-2729-6666

Overseas Securities Exchange: NA

Official website: [http:// www.tecoimage.com.tw](http://www.tecoimage.com.tw)

Contents

One. Letter to Shareholders	1
Two. Company Profile	
I.Date of Incorporation.....	7
II.Company History	7
Three. Corporate Governance Report	
I.Organization.....	11
II.Directors, and Management Team.....	14
III.Remuneration paid to directors, management team for the most recent year.....	29
IV.Implementation of Corporate Governance	34
V.Information Regarding the Company’s Audit Fee and Independence.....	67
VI.Relationship among the Top Ten Shareholders.....	68
Four. Capital Overview	
I.Capital and Shares.....	73
II.Bonds.....	78
III.Preferred Shares.....	78
IV.Global Depository Receipts	78
V.Employee Stock Options And New Restricted Employee Shares.....	78
VI.Status of New Shares Issuance in Connection with Mergers and Acquisitions....	78
VII. Financing Plans and Implementation.....	78
Five. Operational Highlights	
I.Business Activities.....	79
II.Market and Sales Overview.....	85
III.Human Resources.....	90
IV.Environmental Protection Expenditure.....	91
V.Labor Relations.....	94
VI.Information Security Management.....	95
VII.Important Contracts.....	99
Six. Financial Information	
I.Five-Year Financial Summary.....	100
II.Five-Year Financial Analysis.....	104
III.Audit Committee’s Report in the Most Recent Year.....	107
IV.2021 Consolidated Financial Statements.....	110
V.2021 Stand-Alone Financial Statements.....	110
VI.Financial Difficulties for the Company and Its Affiliates.....	110
Seven. Review of Financial Conditions, Operating Results, and Risk Management	
I.Analysis of Financial Status.....	111
II.Analysis of Operation Results.....	112
III.Analysis of Cash Flow.....	112
IV.Major Capital Expenditure Items.....	113
V.Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year.....	113

VI. Analysis of Risk Management.....	114
--------------------------------------	-----

Eight. Special Disclosure

I. Summary of Affiliated Companies.....	119
II. Private Placement Securities in the Most Recent Years.....	122
III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Year.	122
IV. Situations that might materially affect shareholders' equity or the price of the company's securities.....	122
V. Other matters that require additional description.....	122

One. Letter to Shareholders

I. Business Performance for 2021

(I) Yields from Execution of the Business Plan

Despite the COVID-19 pandemic continued to circulate globally, global pandemic began to ebb, thanks to the commencement of vaccination. This also facilitated a gradual end of lockdown around the world, and therefore revived economic activities. Global economic activities in the first half of 2021 grew by 12.7% year on year, according to a report released by Key Research. As Year 2021 dawned, China's manufacturing sector that comprised small and medium-sized enterprises began to recover, pushing up the purchase of multi-function peripherals (MFPs) from private companies, which in turn drove the China MFP market that we have long relied on upward through the first half of 2021. Although market demands were rated down as a result of short supply of chips and shipping spaces around the globe and electricity in China in the second half of 2021, annual MFP sales grew nevertheless. Teco Image Systems (TiS) reported a 36.7% growth year on year in MFP sales.

Aside from sale of MFPs, new products, such as color printers, label printers, and wide format cutters, also went into mass production. This will underpin the Company's development in new field and become the primary source of revenue and profits in the future.

The Company's operating revenue reached NT\$1.77 billion in 2021, with a budget achieving rate of 108.8%, a net income after tax of NT\$52 million, and an earnings per share of NT\$0.52.

(II) 2021 Budget Execution Status

Unit: NT\$1,000

Item	Amount	Achieving Rate %
Operating Revenue	1,771,373	108.8%
Operating costs	1,471,756	112.6%
Gross profit	299,617	93.2%
Operating expenses	323,533	102.8%
Operating Gains (Losses)	(23,916)	-354%
Non-operating income and (expenses)	80,171	134%
Profit and loss before tax	56,255	84.5%
Profit and loss after tax	51,826	85.9%
Earnings Per Share After Tax (NTD)	0.51	94.4%

(III) Financial Income and Profitability Analysis

1. Financial income

(1) The Company derived NT\$1,178 thousand from the interest on demand deposits.

2. Profitability analysis

Item	2020	2021
Return on assets (%)	0.10	1.98
Return on equity (%)	0.05	2.64
Ratio of operating income to paid-in capital (%)	(7.03)	(2.13)
Ratio of pre-tax income to paid-in capital (%)	0.44	5.00
Profit margin (%)	0.06	2.93
Earnings per share	0.01	0.51

(IV) Research and Development

1. Research and Development

Reflecting on 2021, in addition to upgrades to the multi-function peripheral (MFP) features to extend product competitiveness, key R&D work included: TIS were contracted with German industrial machine brands under an ODM model and began mass production of the industry-level color label printers using the 3D printing technologies. The Guanyin production line has been established, and starting from October 2021, TIS has been contracted under an OEM model with Japanese brands who made wide format cutters and label printing machines and began production of the industry-level cutters.

TIS is transforming towards product diversification and in terms of design and production methods. However, during the process, TIS has also encountered challenges such as poor quality of initial mass production batches, unsuccessful factory staff recruitment, and shortage of raw materials.

Looking forward to 2022, TIS will learn from the experience and look at OEM products in ODM mode to truly understand the products and improve development, testing and certification, material inspection, and part delivery. TIS will also continue focusing on 3D printing applications to help clients reduce investment costs, as well as introduce Cobots to production, in order to improve the quality and stability of production and reduce production costs. By enhancing its understanding of the end product characteristics, mastering key software and firmware control technology, and understanding product features, TIS aims to boost its competitiveness in design and production. TIS's main targets for 2022 are as follows:

MFP products: Establish new platforms to attract more clients in assembly and module production

A. To establish new controller platforms. In addition to the existing A3

Mono Segment1 and Segment2 models for Japanese customers with upgraded network features and integrated mobile device printing, TIS will continue to develop cooperation with other major manufacturers for A3 assembly and Color products.

- B. TIS will continue reducing the cost with VA-VE, and developing wireless support such as Wi-Fi and BLE, and mobile scanning and printing functions, and supporting the OS system in China to ensure the company's competitive position in MFPs.

3D printing applications: Integration into future productions

- A. The color label printer developed with 3D printing technology has entered mass production, and TIS has been in the initial stage of developing new nozzle applications to discuss with clients about the next generation model with 30% weight reduction and 30% cost reduction.
- B. Expanding 3D printing applications: TIS will invest in products including industrial wide format printers, automated factory jaws, modules for drones and their related accessories, as well as development of fireproof/waterproof materials. By adopting integrated design, reducing the number of parts and weight, lowering assembly man-hours and production costs, and improving product performance, TIS strives to strengthen its competitiveness in design and manufacturing with 3D printing applications.

Product diversification: Expand the production and development of label printers, industrial cutters, wide format printers and drones

- A. The label printer that TIS produces for a well-known Taiwanese brand and the industrial color labeling machine designed by a major German industrial machine company entered mass production in 2021. Meanwhile, TIS has invested in the development of key technologies such as controllers, firmware, software and UV inkjets. The second generation of color labeling machine is planned to be developed in 2022 and mass produced in Q2 2023. It is expected to bring customers a 30% cost reduction, a 30% weight reduction, and improved product performance.
- B. The industrial cutting machines for which TIS is contracted as an OEM by a major Japanese wide format printer and cutting machine company will be mass produced in October 2021 at Guanyin plant. In 2022, both parties began discussing about a low-end cutter to be designed and produced by TIS, with the target of mass production in Q1 2023.
- C. The drone adopts a 3DP lightweight design. TIS has completed the assembly and test flight of the training prototype with a takeoff weight of 15kg, and has started the development of a drone with a takeoff weight of 24kg (maximum load of 5kg), which will be suitable for cargo transportation and high-end detection applications. Knowledge in technologies such as drones will not only bring opportunities for OEM

production, but also, combining 3DP technology to integrate systems such as electronic modules, firmware engineering, and software ground monitoring, will help TIS diversify its competitiveness and profit model in the area.

2. Developing expenses and successfully developed technologies in the past five years

Year	Developing Expense(NTK\$)	Achievements
2017	198,795	Success on technology development of the new generation A3 mono laser MFP module. Success on the technology development of industrial inkjet print engine.
2018	170,625	Committed to the technical development of the first generation industrial label printer. Committed to the technical development of the first generation automatic laminating machine. Committed to the technology development of 3D printing for mass production.
2019	147,350	3D Printing for Mass Production – Industrial Color Inkjet Print Engine with controller, 4D Mouse. Establish TIS own post-processing technology for 3D printing. Completed the technology development of double-sided scanning DADF for A4 Size. Completed the technology development of double-sided scanning RADF for A3 size Launched A3 monochrome laser MFP module with mobile printing. Launched the first-generation automatic laminating machine in the market Launched the first-generation portable fast coffee brewer in the market
2020	120,831	3D printing for mass production - industrial color inkjet print engine, Sensor Module, driving module of electric skateboard, etc. Established TIS's OEM production line and design capabilities for industrial cutting machines. Foot health inspection device - Apply scan technology with wireless transmission to mobile phones to perform APP smart detection. Established TIS's thermal transfer label printer technology, including whole machine assembly and software and hardware platforms Developing TIS's drone control technology, including software and firmware control related technologies
2021	127,292	Apply 3D printing technology to mass production the industrial color label printer (ODM) for the German industrial machine manufacturer. Start to manufacture industrial cutting/plotting machines for Japanese wide-format printer and cutting/plotting machine company.

II. 2022 business plan outline and future corporate development strategies

(I) Management Policy

Despite the continued impact of the COVID-19 pandemic and the uncertainty of the economy, the management continues to invest in and work on the future of the Company's businesses. Looking ahead to the upcoming year, it will be TIS's time to reap the benefits of its efforts to broaden its business scope to new areas over the past few years. This year, TIS will continue focusing on reducing the cost with VA-VE, and developing wireless support such as Wi-Fi and BLE, and mobile scanning and printing functions, and supporting the OS system in China to ensure the company's competitive position in MFPs. TIS will also continue developing 3D printing niche products and diversify its product range by expanding the production and development of label printers, industrial cutters, wide format printers and drones.

(II) Expected sales volume and its basis

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

Unit: machine

Item	Sales Volume
Multi-function Peripheral (MFP)	353,247
Label Printer	23,514
Start-up (3D printing)	35,454
Office & Consumer	64,130
Cutting Plotter	14,401

(III) Major Production and Marketing Policies

The US-China trade war and the pandemic has disrupted the global industry chain. In 2021, the setup was completed in the Taiwan plant, and the plant in South China was upgraded to an advanced process model which combines 3D printing and Cobot. The two plants will be able to support each other and divide the work to meet different clients' demands, providing more comprehensive design and production services and meeting more diverse demand.

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

According to Key Research, the Chinese government's economic growth policies paid off in 2020 with rapid expansion of overseas trade. The demand for output devices is driven by increased general investment and the active promotion of transformation by enterprises. As Year 2021 dawned, China's manufacturing sector that comprised small and medium-sized enterprises began to recover, pushing up the purchase of multi-function peripherals (MFPs) from private companies, which in turn drove the China MFP market upward through the first half of 2021. In the second half of the year, power outages due to insufficient power supply in coastal provinces had a rather big impact on production. The number of new companies decreased significantly, and the demand for copiers also dropped considerably. In addition, the Delta variant spread in cities including Nanjing, Zhengzhou, and Beijing. As the

pandemic persists, a significant portion of the government budget was spent on combating the pandemic, resulting in a significant decrease in the budget for office equipment purchases.

Changes in the macroeconomic environment in 2022 still require active attention and prudent response. The shortage of IC components will remain a major shipment constraint in 2022. The problem of material shortage has not yet been alleviated. To reduce the difficulty of obtaining materials, TIS has continued providing suppliers with long-term purchase orders of over one year and diversifying the distribution; meanwhile, the Company has begun to search and verify the quality of substitute materials for the upcoming shortage and EOL materials, in order to reduce the risk of material shortage. To ease the impact of material shortage, TIS has also been purchasing components whose projected shortage will affect production from the spot market in big volume.

KO, IKUJIN , Chairman of the Board of Directors

Two. Company Profile

I. Date of Incorporation: September 8, 1997

II. Company History

Used to be the Fax and Scanner Division of Teco Information Co. Ltd., Teco Image Systems (TiS) Co. Ltd. was officially incorporated in Guanyin Township, Taoyuan County on October 1, 1997. At the early stage, all TiS's major staff were transferred from the former Fax and Scanner Division. The capital was NT\$500 million, contributed by Teco Information Co. Ltd., Mustek Systems Inc., and Koos Group. This session of Board of Directors is the 10th Board of Directors, which was elected on September 24, 2021 at the first extraordinary general meeting (EGM) for a term between September 24, 2021 and September 23, 2024.

Shortly after incorporation, TiS went beyond the scanner and fax business to dive into development of new products. We launched the first generation optoelectronic products such as cameras and printer-based MFPs while keeping transcending those technological barriers. Between 1998 and 2001, we launched Taiwan's first ever Scanner G3 Laser Fax, the A3 Sheet-fed Flatbed Printer, and the world's first ever A6 sheet-fed USB Color Scanner. We then actively developed the laser-based color systems. In 2000, TiS began design and manufacturing of A3 sheet-fed laser printer systems. Aside from the R&D and design of laser printers, we also rolled out the interactive whiteboards for the education market. We then reached a series of milestones: starting development of 3D technologies in 2013; starting R&D of m-commerce products in 2014; starting development of technologies for wide format printers and a new generation A3 sheet-fed monochrome laser MFP module in 2016; starting development of technologies for a new generation A3 sheet-fed monochrome laser MFP module and industry-level inkjet engines in 2017; starting development of technologies for the first generation industry-level label printers/automatic laminator as well as 3D printing for production purpose in 2018; launching the first generation A3 sheet-fed monochrome laser MFP system and module and the first generation automatic laminator in 2019; and starting mass production and shipment of the industry-level label printer developed using the 3D printing technology in 2020. In 2021, we were contracted with German industrial machine brands under an ODM model to mass produce industry-level color label printers using the 3D printing technologies; we were also contracted with Japanese brands who made wide format cutters and label printing machines under an OEM model to produce industry-level cutters.

Our milestones in order of calendar year are as follows:

1982	TECO Electric and Machinery Co., Ltd. set up the OA Div. to engage in R&D of fax machines.
1986	TECO launched Taiwan's first ever thermal fax. TECO surveyed the scanner market and began R&D works
1988	TECO launched Taiwan's first ever computer- and fax-based thermal MFP.

- TECO launched the A4 sheet-fed monochrome scanner.
- 1989 TECO Information was incorporated and subordinated under the OA Div. of TECO Electric and Machinery Co., Ltd. to continue the R&D of communication products and image products.
- 1990 TECO launched the 3 pass A4 sheet-fed color scanner.
- 1992 TECO launched the A4 sheet-fed high-speed scanner.
- 1993 TECO's scanner product was awarded the Taiwan Products Image Award.
- 1994 TECO introduced Taiwan's first ever fax-based plain paper LED MFP.
TECO launched the ultra-speed automatic document feeder (ADF) scanner.
- 1995 TECO introduced Taiwan's first ever fax-based plain paper laser MFP.
TECO launched the upgradable high-speed color scanner.
- 1996 TECO's R&D of the laser fax UA3410 obtained the grants through the Leading New Products Projects Grants program organized by Industrial Development Bureau, Ministry of Economic Affairs.
- 1997 Teco image Systems (TiS) was incorporated in Guanyin Township, Taoyuan County on October 1, its preceding identity being the Fax and Scanner Division of TECO Information.
TiS launched the world's first ever USB A4 sheet ADF color scanner and high-speed scanner.
TiS introduced the fax-based plain paper laser MFP.
TiS launched the 270,000-pixel dual-aperture memory card camera
- 1998 TiS introduced Taiwan's first ever Super G3 Laser Fax
TiS launched the world's first ever USB A6 sheet-fed duplex color scanner
TiS launched the contact image sensor (CIS) scanner
TiS launched the 350,000- pixel patented automatic dual-aperture camera and the 1,000,000-pixel automatic camera with color screen.
TiS passed ISO-9002 quality assurance under the consultation of Electric-Electronic & Environmental Technology Development Association of R.O.C. (CED) and so was authorized to establish a bonded factory.
TiS was approved by the Securities and Futures Institute to conduct public offering.
TiS obtained the BCIQ (Bureau of Commodity Inspection and Quarantine) ISO-9002 assurance.
TiS launched the world's first ever 600dpi USB A6 sheet-fed duplex color scanner and the 150,000-pixel camera with a color screen.
TiS was awarded the Awards for Excellent Trading Businesses by the Bureau of Foreign Trade, Ministry of Economic Affairs.
TiS passed the technology industry entity review conducted by the Industrial Development Bureau, Ministry of Economic Affairs.
- 1999 TiS established a production base in China for scanners and cameras.
TiS completed the integration of company-wide operating systems.
TiS introduced the 2-wire Fax-based Super G3 Laser MFP.
TiS started R&D of the flatbed printer-based MFP.
- 2000 TiS launched the world's first ever 600dpi USB A6 sheet-fed photomask color scanner, which was awarded the Excellent Photonics Product Award by the Photonics Industry &

- Technology Development Association (PIDA).
 TiS launched A4 sheet-fed printer-based MFP.
 TiS was approved by the securities and Futures Institute to be listed on the OTC market on June 17.
- 2001 TiS launched Taiwan's first ever A3 sheet-fed flatbed printer.
 TiS's A4 sheet-fed flatbed printer was awarded the Energy Star mark.
 TiS's UA3530 laser fax and UA3600 flatbed printer were recognized by the 9th Taiwan Excellence Award.
- 2002 TiS began sale of the A3 flatbed laser MFP on the China market.
 TiS started R&D of scanner modules, introducing new ODM business.
- 2003 TiS launched a new generation A3 sheet-fed and A4 sheet-fed printer-based MFP.
 TiS established the investee Teco Image Systems (Suzhou) Co., Ltd. on February 20, 2003 to engage in production of MFP systems and subsystems.
- 2004 TiS worked with clients to develop color laser systems.
 TiS launched the first generation laser fax
 TiS established the investee Teco Image Systems (Dongguan) Co., Ltd. on March 2, 2004 to engage in production of MFP systems and subsystems.
- 2005 TiS launched color laser MFP modules.
 TiS launched the price-competitive monochrome laser MFP modules.
- 2006 TiS launched color laser MFP systems.
 TiS launched a new generation monochrome laser MFP module.
- 2007 TiS launched the third generation A3 sheet-fed flatbed laser printer UA2110.
 TiS launched the first generation Business Inkjet MFP.
 TiS launched the fifth generation monochrome laser MFP module.
- 2008 TiS began introduction of tandem-mode color laser MFPs
 TiS launched two types of color laser MFP systems.
 TiS launched two types of monochrome laser MFP modules.
- 2009 TiS established the platform technology for the engine of A3 laser printer.
 TiS launched a new generation A3 sheet-fed monochrome laser MFP module.
 TiS launched a new generation A4 sheet-fed monochrome laser MFP module.
 TiS established Teco Pro-Systems (JiangXi) Co., Ltd. to tap the China market.
 TIS Karrie Technologies (H.K.) Company Limited was established, with 51% investment from Image Holding Limited, the Company's investee, and another 49% investment from Karrie Technologies Company Limited, an investee of Karrie International Holdings Limited. Investment in China can be made via TIS Karrie Technologies (H.K.) Company Limited.
- 2010 TiS began design and manufacturing of the A3 laser printer systems.
 TiS launched the first generation self-developed A3 laser printer.
 TiS launched a new generation of tandem-mode color laser MFPs
- 2011 TiS launched the brand new A4 sheet-fed Mono AIO (13ppm).
 TiS launched the second generation Low cost A3 sheet-fed Mono MFP (design and manufacturing of engines).
 TiS ceased the operations of and liquidated the investee Teco Image Systems (Dongguan)

Co., Ltd. in September 2011; the business registration was cancelled and filed with the local government.

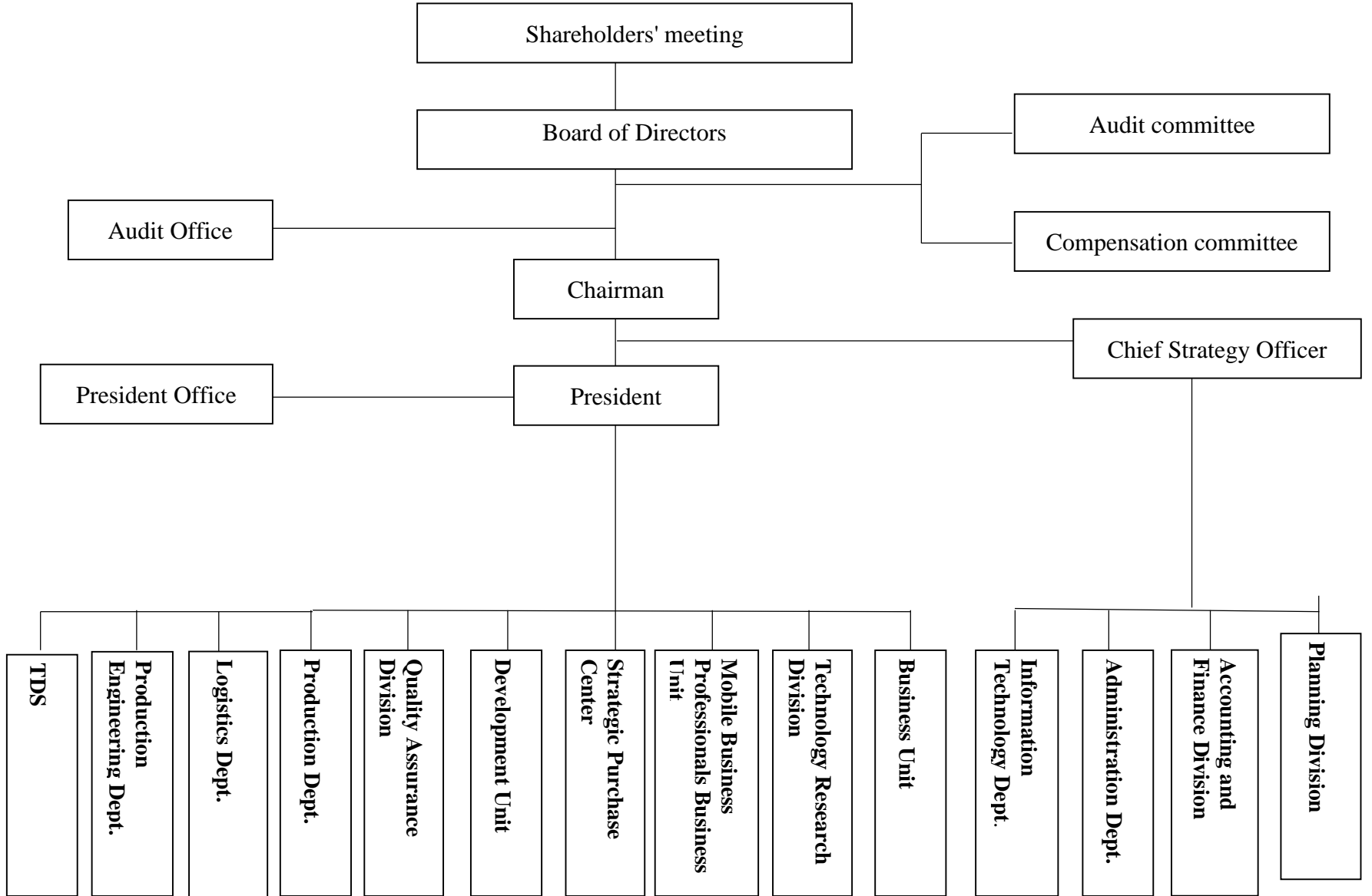
- 2012 TiS launched a new generation Business Inkjet MFP.
TiS launched the third generation Low cost A3 sheet-fed Mono MFP (design and manufacturing of engines).
TiS launched the brand new interactive whiteboards.
- 2013 TiS launched a new generation A3 sheet-fed monochrome laser MFP module.
TiS launched a new generation A3 sheet-fed RADF.
TiS started development of 3D printing technology.
TiS established Teco Image Systems (DongGuan) Co.,Ltd..
- 2014 TiS launched the first generation 3D printer.
TiS launched the first generation mobile print server.
TiS launched a new generation of tandem-mode color laser MFP modules.
Officially acted as a distributor of the JVC brand, introducing earphones, operations, and distribution channels.
- 2015 TiS started the development of technology for wide format printers.
TiS started the development of technology for mobile and smart scanner.
TiS launched a new generation A3 sheet-fed monochrome laser MFP system and module.
TiS introduced JVC projectors and camcorders to broaden the lineup.
- 2016 TiS launched the first generation wide format printer.
TiS launched a new generation A3 sheet-fed monochrome laser MFP module.
- 2017 TiS started the development of technology for a new generation A3 sheet-fed monochrome laser MFP module.
TiS started the development of technology for industry-level inkjet engines.
- 2018 TiS started the development of technology for industry-level label printers.
TiS started the development of technology for a new generation laminator.
TiS started development of 3D printing technology for production purpose.
- 2019 TiS launched a new generation A3 sheet-fed monochrome laser MFP system and module.
TiS launched the first generation automatic laminator.
- 2020 TiS began shipment of the industry-level label printer developed using the 3D printing technology.
TiS established the development of technology for wide format cutters.
TiS launched the first generation A3 sheet-fed monochrome laser MFP system with cloud printing function.
TiS were contracted with German industrial machine brands under an ODM model and began mass production of the industry-level color label printers using the 3D printing technologies.

TiS was contracted under an OEM model with Japanese brands who made wide format cutters and label printing machines and began production of the industry-level cutters.

Three. Corporate Governance Report

I. Organization

(I) Organizational Chart



(II) Responsibilities of Major Divisions:

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

Major Division	Key Responsibilities
	Managing project development progress, quality, budget, communication and coordination with customers.
Strategic Purchase Center	Work related to procurement of mechanisms and electronic materials. Annual bargaining and supplier evaluations for mechanisms and electronic materials.
Development Unit	Designing and developing new products according to the company's product sales plan and clients' demand. Developing clients and products, providing product information and after-sales services based on the company's product sales plan and clients' demand. Managing project development progress, quality, budget, communication and coordination with customers.
Quality Assurance Division	Quality inspection and analysis, cause analysis and improvement of quality abnormalities.
Production Dept.	Production planning and progress control, bonding, import and export. Materials control, inventory management, receiving and dispatching of goods.
Logistics Dept.	Managing production costs, human resources and equipment, and executing production schedules to achieve production capacity and shipment targets.
Production Engineering Dept.	Factory technology transfer for new products. Mass production machine management and maintenance and technical support for overseas plants. Production technology improvement and process rationalization.
TDS	Planning and execution of production and manufacturing in overseas plants. Production control, material control, and supply chain logistics.

II. : Directors, and Management Team

(I) Director:

1. Director profiles

March 31, 2022

Job Title	Nationality or Country of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of Initial Election	Shareholding at the time of election		Current Number of Shares Held		Current Number of Shares Held by Spouse and Underaged Children		Shares Held in Others' Names		Professional (Educational) Experience (Note 4)	Concurrent positions in the Company and other companies	Other managers, directors or supervisors who are spouses of or are related within the second degree of kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relation	
Chairman of the Board of Directors	Japan	Ko, IKUJIN	Male 51 - 60	09.24.2021	3	06.20.2003	478,686	0.43%	478,686	0.43%	0	0.00%	0	0.00%	M.S. in Electrical Engineering, Columbia University, USA Chairman of the Board of Directors, Teco Image Systems	Note 1	-	-	-	-
Director	Republic of China	Fang Sung-jen	Male 51 - 60	09.24.2021	3	06.21.2005	25,000	0.02%	25,000	0.02%	0	0.00%	130,000	0.12%	Ph.D. in Materials Science Engineering, Stanford University, USA Vice President, United Microelectronics Corporation		-	-	-	-
Director	Republic of China	Chang Chung-te	Male 71 - 80	09.24.2021	3	06.17.2008	0	0.00%	0	0.00%	0	0.00%	0	0.00%	M.S. in Electrical Engineering, University of Texas, USA Vice Chairman, United Microelectronics Corporation		-	-	-	-
Director	Republic of China	Creative Sensor Inc.	Male 51 - 60	09.24.2021	3	06.17.2005	33,333,000	29.62%	33,408,000	29.69%	0	0.00%	0	0.00%	M.S., Institute of Regional Economics, Jinan University, Guangzhou, China Vice Chairman, KORYO ELECTRONICS CO., LTD. Representative, Weng San Foods Co., Ltd. Consultant, VTeam Financial Technology Co., Ltd. Secretary General, ROC Money and Finance Association		-	-	-	-
	Republic of China	Wang En-kuo				07.19.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0		0.00%	Consultant, Taiwan Academy of Banking and Finance Special Assistant to the Chairman of the Board of Directors, TAIWAN INTERNATIONAL SECURITIES CO.,LTD.	-	-
Director	Republic of China	KORYO ELECTRONICS CO., LTD.	Male 51 - 60	09.24.2021	3	09.24.2021	6,982,000	6.20%	10,074,000	8.95%	0	0.00%	0	0.00%	Master's Degree, National Taiwan University School of Management M.S., Electrical Engineering, National Taiwan University of Science and Technology	Note 1	-	-	-	-

Job Title	Nationality or Country of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of Initial Election	Shareholding at the time of election		Current Number of Shares Held		Current Number of Shares Held by Spouse and Underaged Children		Shares Held in Others' Names		Professional (Educational) Experience (Note 4)	Concurrent positions in the Company and other companies	Other managers, directors or supervisors who are spouses of or are related within the second degree of kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relation	
	Republic of China	Chen Chien-lung				07.19.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Vice President, Creative Sensor Inc. Senior Vice President, Teco Image Systems Senior Manager, DE XIN TECHNOLOGY CO., LTD.		-	-	-	-
Director	Republic of China	Teco International Investment Co., Ltd.	Male 51 - 60	09.24.2021	3	06.17.2005	6,377,052	5.67%	6,377,052	5.67%	0	0.00%	0	0.00%	Ph.D., Graduate Institute of Industrial Engineering, National Taiwan University Vice President of Operations, An-Shin Food Services Co., Ltd.		-	-	-	-
	Republic of China	Ho Chi-yin				04.07.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%			-	-	-	-
Director	Republic of China	Kuang Yuan Industrial Co., Ltd.	Male 71 - 80	09.24.2021	3	06.19.2009	4,771,631	4.24%	4,771,631	4.24%	0	0.00%	0	0.00%	Corporate Managers Class for Advanced Studies, National Chengchi University Chairman of the Board of Directors, Inotec Taiwan Co., Ltd. Chairman of the Board of Directors, YUBAN & COMPANY		-	-	-	-
	Republic of China	Kao Tung-hai				06.17.2005	11,350	0.01%	11,350	0.01%	0	0.00%	0	0.00%			-	-	-	-
Independent Director	Republic of China	Tan Yao-nan	Male 51 - 60	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	M.B.A., Carnegie Mellon University, USA J.D., University of Pittsburgh, USA Attorney at Law, New York and Washington, D.C. Independent Director, GREEN WORLD FINTECH SERVICE CO., LTD. Partner, K&L Gates Law Firm Visiting Fellow, Brookings Institution, USA		-	-	-	-

Job Title	Nationality or Country of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of Initial Election	Shareholding at the time of election		Current Number of Shares Held		Current Number of Shares Held by Spouse and Underaged Children		Shares Held in Others' Names		Professional (Educational) Experience (Note 4)	Concurrent positions in the Company and other companies	Other managers, directors or supervisors who are spouses of or are related within the second degree of kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relation	
Independent Director	Republic of China	Lu Wen-tsung	Male 61 - 70	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduated from the Accounting Track, Department of Business Administration, National Taiwan University M.B.A., National Taiwan University Attended Technology Law Track, Soochow University, Graduate Institute of Law Auditor, Leader, Manager, Partner, PwC Taiwan CPA, PwC Taiwan Chairman, Cross-Border Innovation and Entrepreneur Association		-	-	-	-
Independent Director	Republic of China	Hsu Wan-chi	Female 51 - 60	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Doctor of Business Administration, National Central University Master of Business Administration, National Taipei University Consultant, Taipei Tech GLORIA 2.0, National Taipei University of Technology Adjunct Associate Professor, National Taipei University of Technology Chairman, Small and Medium Enterprise Credit Guarantee Fund of Taiwan President, Taiwan Small & Medium Enterprise Counseling Foundation Assistant Vice President, General Management Department, Yang Ming Marine Transport Corporation	Note 1	-	-	-	-

Job Title	Nationality or Country of Incorporation	Name	Gender Age	Date of Election (Appointment)	Term of Office	Date of Initial Election	Shareholding at the time of election		Current Number of Shares Held		Current Number of Shares Held by Spouse and Underaged Children		Shares Held in Others' Names		Professional (Educational) Experience (Note 4)	Concurrent positions in the Company and other companies	Other managers, directors or supervisors who are spouses of or are related within the second degree of kinship			Note
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relation	
Independent Director	Republic of China	Yang Pei-chieh	Male 61 - 70	09.24.2021	3	09.24.2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Laws, Institute of Police Studies, Central Police University Director, Taiwan Tea Corporation Director, HeySong Corporation Supervisor, TA I TECHNOLOGY CO., LTD. Supervisor, Golden Bridge Electech Inc. Director, Kao Hsing Chang Iron & Steel Corp Director, Southeast Cement Corporation Director, Cheng Tai Cement Plant Co. Director, Taiwan Concrete Co. Supervisor, TMMC SHIPYARD CO., LTD. Supervisor, CSB Battery Technologies CEO, Chen Ya Industry Co.	Note 1	-	-	-	-

Note 1: Concurrent positions in the Company and other companies

Job Title	Name	Concurrent positions in the Company and other companies	
Chairman of the Board of Directors	KO, IKUJIN	Chairman of the Board of Directors:	Creative Sensor Inc., Teco Pro-Systems (JiangXi) Co., Ltd.
		Director:	Wuxi Creative Sensor Technology Co., Ltd., Nanchang Creative Sensor Technology Co., Ltd., Creative Sensor (USA) Co., Creative Sensor Co., Ltd. (HK), Creative Sensor Inc. (BVI)
		Independent Director:	Genetics Generation Advancement CORP.
		Chief Strategy Officer:	Teco Image Systems Co., Ltd.
Director	Fang Sung-jen	Chairman of the Board of Directors:	QUANTEK, INC., DARWIN SYSTEM TECHNOLOGY CORPORATION, Darwin Venture Management Co., Ltd., Da Han Investment Co., Ltd., Da Long Asset Management Co., Ltd., Darzhen Venture Corporation, Da Chun Venture Capital Corporation, Darhe II Venture Capital Co., Ltd., Affluent Asset Management Co., Ltd., Affluent Asset Management Co., Ltd.
		Director:	Multilite International Co., Ltd., CULTURE-ING CO., LTD., Greatest Idea Strategy Co., Ltd., Da Chun Asset Management Co., Ltd., Chen Fu Tai Investment Co., Ltd., Da Chun Asset Management Co., Ltd.
Director	Chang Chung-te	Independent Director:	Epoch Chemtronics Corp.
Director	Wang En-kuo	Chairman of the Board of Directors:	Hsin Ben Investment Co., Ltd., Nanchang Creative Sensor Technology Co., Ltd., Chu Hsi Investment Co., Ltd., You Ching Management Consulting Co., Ltd., Shanghai Youling Electronic Co.,Ltd.,
		Vice Chairman of the Board of Directors:	Teco Image Systems Co., Ltd.
		Director:	Creative Sensor Inc., Wuxi Creative Sensor Technology CO.,LTD., ProMOS Technologies Inc., Ming Hsiang Culture Co., Ltd.
Director	Chen Chien-lung	Chairman of the Board of Directors:	Wuxi Creative Sensor Technology CO.,LTD.
		President:	KORYO ELECTRONICS CO., LTD.
Director	Ho Chi-yin	Chairman of the Board of Directors:	Jinglaoman Food&Beverage Co., Ltd., TECO APPLIANCE (HONG KONG) COMPANY LIMITED
		Director:	Fujio Food System Taiwan Co.,Ltd, An-Hui Information Technology Co., Ltd., Asia Air Tech Industrial PTE. LTD.(AAT), FUJIATETSU MULTIMEDIA, INC., ATETSU INTERNATIONAL INC., Director/President: E-JOY ELECTRONICS INTERNATIONAL CO., LTD., BLUE PACIFIC INTERNATIONAL CO., LTD.
		Managing Director:	MOS Burger Australia Pty Ltd.; Director: E joy-Australia Pty Ltd.
Director	Kao Tung-hai	Chairman of the Board of Directors:	Inotec Taiwan Co., Ltd., YUBAN & COMPANY, Tung Ho International Investment Co., Ltd., KUANG YUAN CO., LTD., Youyuan Sanhai International Industry Co., Ltd., YUTEK ELECTRONICS CO., LTD., BLUE PACIFIC INTERNATIONAL CO., LTD., AN FU INTERNATIONAL INVESTMENT CO., LTD.
		Director:	AUSTIN TECHNOLOGY CO., LTD., TOPTEK ELECTRONICS CORPORATION, Kuang Yuan Industrial Co., Ltd., Jinglaoman Food&Beverage Co., Ltd., CULTURE-ING CO., LTD., VICTRON TECHNOLOGY CO., LTD., KROM ELECTRONICS CO., LTD., Gao Le Food and Beverage Co., Ltd., Jollywiz Digital Technology Co., Ltd.

Job Title	Name	Concurrent positions in the Company and other companies	
Independent Director	Tan Yao-nan	Independent Director:	GREEN WORLD FINTECH SERVICE CO., LTD.
		Other positions:	Attorney at Law, New York and Washington, D.C.
Independent Director	Lu Wen-tsung	Chairman of the Board of Directors:	Hao Hsiang Co.
Independent Director	Hsu Wan-chi	Other positions:	Adjunct Assistant Professor, Central Taiwan University of Science and Technology
Independent Director	Yang Pei-chieh	Director:	TA I TECHNOLOGY CO., LTD.

Note 2: Where the chairman of the board of directors and the president or person of an equivalent post (top-level manager) of the company are the same person, spouses or relations within the first degree of kinship, the reasons, reasonableness, necessity and measures to address the situation shall be stated:

The Company's Chairman of the Board of Directors concurrently serves as the Chief Strategy Officer, in order to enhance operational efficiency, decision making and execution. The Chairman of the Board of Directors also closely communicates with the directors on recent operational status and planning guidelines in order to implement corporate governance. Currently, the Company has the following measures to address the situation:

- (1) Board of Directors: Except for the Chairman, no employees or managers concurrently serve as directors. The Board includes members of diverse backgrounds and consists of prominent outside professionals in technology, finance and accounting, investment, legal and academics, who shall provide professional advice on management decisions.
- (2) The current independent directors have expertise in management and technology, communicating with the CPAs and directors regularly to effectively perform their duty of supervision. The Company has increased the number of independent directors at the first extraordinary general meeting in 2021 to enhance corporate governance.
- (3) The independent directors conduct comprehensive discussions in functional committees and make recommendations for the Board's reference, in order to implement corporate governance.

2. Major Shareholders of the Corporate Shareholder

March 31, 2022

Name of the Corporate Shareholder	Major Shareholders of the Corporate Shareholder
Creative Sensor Inc.	Teco Image Systems (19.39%), UNIVERSAL CEMENT CORPORATION (8.90%), Tien Da Investment Co., Ltd. (8.26%), Yu Rui Co., Ltd. (6.05%), Universal Cement Investment Co., Ltd. (6.04%), CREATIVE SENSOR INC. (treasury stock 6.03%), Teco Capital Investment Co., Ltd. (5.31%), KORYO ELECTRONICS CO., LTD. (3.82%), Teco International Investment Co., Ltd. (3.56%), TECO Electric and Machinery Co., Ltd. (1.43%)
KORYO ELECTRONICS CO., LTD.	Teco Image Systems (19.2%), Creative Sensor Inc. (19.07%), Multilite International Co., Ltd. (11.3%), Lu Chuan-Fu (10.95%), Tien Da Investment Co., Ltd. (9.82%), Yang Tse-Hang (4.19%), JOYCE WORLDWIDE LTD. (2.91%), Huang-Lin Ho-Hui (2.22%), Yang Ching-Fen (2.2%), Ku Chin-Ho (1.82%)
Teco International Investment Co., Ltd.	TECO Electric and Machinery Co., Ltd. (100%)

Name of the Corporate Shareholder	Major Shareholders of the Corporate Shareholder
Creative Sensor Inc.	Teco Image Systems (19.39%), UNIVERSAL CEMENT CORPORATION (8.90%), Tien Da Investment Co., Ltd. (8.26%), Yu Rui Co., Ltd. (6.05%), Universal Cement Investment Co., Ltd. (6.04%), CREATIVE SENSOR INC. (treasury stock 6.03%), Teco Capital Investment Co., Ltd. (5.31%), KORYO ELECTRONICS CO., LTD. (3.82%), Teco International Investment Co., Ltd. (3.56%), TECO Electric and Machinery Co.,Ltd. (1.43%)
KORYO ELECTRONICS CO., LTD.	Teco Image Systems (19.2%), Creative Sensor Inc. (19.07%), Multilite International Co., Ltd. (11.3%), Lu Chuan-Fu (10.95%), Tien Da Investment Co., Ltd. (9.82%), Yang Tse-Hang (4.19%), JOYCE WORLDWIDE LTD. (2.91%), Huang-Lin Ho-Hui (2.22%), Yang Ching-Fen (2.2%), Ku Chin-Ho (1.82%)
Kuang Yuan Industrial Co., Ltd.	EAST GLORY INVESTMENT LIMITED (33.86%), Huang-Lin Ho-Hui (51.58%), BRIGHT LANE INVESTMENT LIMITED (10%), Tung Ho International Investment Co., Ltd. (0.74%), Others (3.82%)

3. Major shareholders whose major shareholders are corporates

March 31, 2022

Name of Corporates	Major Shareholders of the Corporates
Teco Image Systems	CREATIVE SENSOR INC. (25.01%), AN FU INTERNATIONAL INVESTMENT CO., LTD. (9.41%), Tien Da Investment Co., Ltd. (9.18%), Teco Capital Investment Co., Ltd. (7.28%), KORYO ELECTRONICS CO., LTD. (6.20%), Teco International Investment Co., Ltd. (5.67%), Kuang Yuan Industrial Co., Ltd. (4.24%), ZONG SINE INDUSTRIES INC. (2.92%), CTBC Bank as the Custodian of the Employee Stock Ownership Trust Account of Teco Image Systems (2.09%), Lee Mao-sheng (1.16%)
UNIVERSAL CEMENT CORPORATION	Sheng Yuan Investment Co., Ltd. (9.98%), Yu Sheng Investment Co., Ltd. (9.87%), Hou Po-Yi (7.79%), Investment account with HSBC in custody of Pictet (5.95%), Bozhi Investment Limited (4.27%), Hou-Su Ching-Chien (3.43%), Standard Chartered Custodian of DBS Bank 0600049662 (3.09%), Long Yi Chang Sand & Gravel Co., Ltd. (2.73%), Hou Po-Yu (2.62%), T.H. Wu Foundation (1.79%)
Tien Da Investment Co., Ltd.	Creative Sensor Inc. (29.85%), Koryo Electronics Co., Ltd. (27.27%), Teco Image Systems (25.17%), Lien Chang Electronic Enterprise Co., LTD. (9.79%), Multilite International Co., Ltd. (6.99%), VICTRON TECHNOLOGY CO., LTD. (0.92%)
Yu Rui Co., Ltd.	Kuang Yuan Industrial Co., Ltd. (15%), Teco Capital Investment Co., Ltd. (25%), Chao Yuan-Chi (15%), Kao Shun-Fa (25%), Kuo Kuan-Chun (9%), Wang Mei-Wen (11%)
Universal Cement Investment Co., Ltd.	UNIVERSAL CEMENT CORPORATION (100%)
Teco Capital Investment Co., Ltd.	TECO Electric and Machinery Co, Ltd. (99.60%), An Tai International Investment Co., Ltd. (0.20%), Teco International Investment Co., Ltd. (0.20%)
KORYO ELECTRONICS CO., LTD.	Teco Image Systems (19.2%), Creative Sensor Inc. (19.07%), Multilite International Co., Ltd. (11.3%), Lu Chuan-Fu (10.95%), Tien Da Investment Co., Ltd. (9.82%), Yang Tse-Hang (4.19%), JOYCE WORLDWIDE LTD. (2.91%), Huang-Lin Ho-Hui (2.22%), Yang Ching-Fen (2.2%), Ku Chin-Ho (1.82%)
Teco International Investment Co., Ltd.	TECO Electric and Machinery Co,Ltd. (100%)

Name of Corporates	Major Shareholders of the Corporates
TECO Electric and Machinery Co.,Ltd.	PJ Asset Management Co., Ltd. (17.45%), Walsin Lihwa Corporation (10.77%), Chia Yuan Investment Co., Ltd. (6.34%), Creative Sensor Inc. (3.62%), Ho Yuan International Investment Co., Ltd. (2.14%), HSBC Custodianship of Sylvester International Investors International Value Equity Trust Account (2.11%), EAST GLORY INVESTMENT LIMITED (1.50%), HSBC Bank (Taiwan) custodian of WGI Emerging Markets Small Companies Fund Investment Account (1.44%), Citi Bank (Taiwan) custodian of Norges Bank investment account (1.35%), Kuang Yuan Industrial Co., Ltd. (1.25%)
Creative Sensor Inc.	Teco Image Systems (19.39%), UNIVERSAL CEMENT CORPORATION (8.90%), Tien Da Investment Co., Ltd. (8.26%), Yu Rui Co., Ltd. (6.05%), Universal Cement Investment Co., Ltd. (6.04%), CREATIVE SENSOR INC. (treasury stock 6.03%), Teco Capital Investment Co., Ltd. (5.31%), KORYO ELECTRONICS CO., LTD. (3.82%), Teco International Investment Co., Ltd. (3.56%), TECO Electric and Machinery Co.,Ltd. (1.43%)
Multilite International Co., Ltd.	Kuang Yuan Industrial Co., Ltd. (22.28%), JOYCE INVESTMENT CORP. (18.38%), JOYCE WORLDWIDE LTD. (15.19%), Huang Mao-Hsiung (10.04%), EAST GLORY INVESTMENT LIMITED (9.88%), Lin Hsin-Pei (5.11%), Chang Li-Chun (3.80%), Huang-Lin Ho-Hui (3.74%), Chang Li-You (3.74%), Chang Bing-Yen (2.27%)
Kuang Yuan Industrial Co., Ltd.	EAST GLORY INVESTMENT LIMITED (33.86%), Huang-Lin Ho-Hui (51.58%), BRIGHT LANE INVESTMENT LIMITED (10%), Tung Ho International Investment Co., Ltd. (0.74%), Others (3.82%)
JOYCE WORLDWIDE LTD.	Ming Cheng Investment Co., Ltd. (75.75%), Kai Yue Industries Co., Ltd. (17.25%), Others (7%)
EAST GLORY INVESTMENT LIMITED	Kuang Yuan Industrial Co., Ltd. (39.28%), Huang-Lin Ho-Hui (35.01%), BRIGHT LANE INVESTMENT LIMITED (12.73%), Tung Ho International Investment Co., Ltd. (6.00%), Others (6.98%)
BRIGHT LANE INVESTMENT LIMITED	Teng Mei-Ling (100%)
Tung Ho International Investment Co., Ltd.	Kuang Yuan Industrial Co., Ltd. (19.5%), Wang Bo-Yuan 20%, KO, IKUJIN 17.78%, Huang Shang-Li 25.89%, Others (16.83%)

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

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

<div style="text-align: center;">Qualification</div> <div style="text-align: left;">Name</div>	Professional Qualifications and Experience	Independence	Number of other public companies for which the independent director concurrently serves as an independent director
KORYO ELECTRONICS CO., LTD. Chen Chien-lung, Representative	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1, 3, 4, 6, 7, 9, 10 and 11 Serves as President of KORYO ELECTRONICS CO., LTD., a shareholder holding over 5% of the shares	0
Ho Chi-yin, Representative of Teco International Investment Co., Ltd.	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1, 3, 4, 5, 6, 7, 8, 9, 10 and 11	0
Kao Tung-hai, Representative of Kuang Yuan Industrial Co., Ltd.	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1, 3, 4, 5, 6, 7, 8, 9, 10 and 11	0
Tan Yao-nan	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1 to 12 Upon examination, the director does not have not have any direct or indirect interest relationship with the company, complying with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	1

<div style="text-align: center;">Qualification</div> <div style="text-align: left;">Name</div>	Professional Qualifications and Experience	Independence	Number of other public companies for which the independent director concurrently serves as an independent director
Lu Wen-tsung	Certified professional and technical personnel who have passed the national examination for accountants Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1 to 12 Upon examination, the director does not have not have any direct or indirect interest relationship with the company, complying with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0
Hsu Wan-chi	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1 to 12 Upon examination, the director does not have not have any direct or indirect interest relationship with the company, complying with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0

Qualification Name	Professional Qualifications and Experience	Independence	Number of other public companies for which the independent director concurrently serves as an independent director
Yang Pei-chieh	Work experience required for business, law, finance, accounting or corporate business	Complies with independence items (Note) 1 to 12 Upon examination, the director does not have not have any direct or indirect interest relationship with the company, complying with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."	0

Note: Independence criteria:

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) If the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (Does not apply if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company, and if the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not a spouse or relative within the second degree of kinship of other directors.
- (11) Not under any of the circumstances specified in Article 30 of the Company Act.
- (12) Not elected as a government agency, a juristic person or their proxy as provided in Article 27 of the Company Act.

5. Diversity and Independence of the Board of Directors:

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

The composition of the Board of Directors shall take into account diversity. The number of directors who concurrently serve managers of the Company shall not exceed one-third of the total

number of directors; also, the Company shall formulate an appropriate diversity policy with respect to its operation, business model and development needs, including but not limited to the following two major criteria:

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

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

- A. Operational judgment.
- B. Accounting and financial analysis.
- C. Operations and management.
- D. Crisis management.
- E. Industry knowledge.
- F. International market knowledge.
- G. Leadership.
- H. Decision making ability.

The current board of directors of the Company consists of 11 directors, including 4 independent directors (36%). The members have experience in the areas of law, accounting, business and education. The Company's 4 independent directors include 1 female independent director. The Company places importance on gender equality among the board members, achieving a specific management objective of diversifying the board of directors.

(2) Independence of the board of directors:

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

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

March 31, 2022

Title	Nationality	Name	Gender	Date of Election (Appointment)	Number of Shares Held		Number of Shares Held by Spouse and Underaged Children		Shares Held in Others' Names		Professional (Educational) Experience	Concurrent positions in other companies	Managers who are spouses or related within the second degree of kinship			Note
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Job Title	Name	Relation	
Chief Strategy Officer	Japan	KO, IKUJIN	Male	March 2021	478,686	0.43%	0	0.00%	0	0.00%	M.S. in Electrical Engineering, Columbia University, USA Chairman of the Board of Directors, Teco Image Systems	Chairman of the Board of Directors: Creative Sensor Inc., Teco Pro-Systems (JiangXi) Co., Ltd. Director: Wuxi Creative Sensor Technology Co., Ltd., Nanchang Creative Sensor Technology Co., Ltd., Creative Sensor (USA) Co., Creative Sensor Co., Ltd. (HK), Creative Sensor Inc. (BVI) Independent Director: GENETICS GENERATION ADVANCEMENT CORP. Chief Strategy Officer: Teco Image Systems	-	-	-	
President	Japan	Kanji Wada	Male	March 2021	0	0.00%	0	0.00%	0	0.00%	Modern Controlling Theory of Institute of Engineering Keio-Gijyuku University Direct Link Co.,Ltd. Senior Executive Officer	Adviser : N.GeN Corporation	-	-	-	
Vice President of Operations	Taiwan	Li Li-chiu	Female	January 2022	45,134	0.04%	0	0.00%	0	0.00%	Master's degree, Andrew Jackson University, USA Bachelor's degree, Department of International Trade, Lan Yang Institute of Technology	Director, Image Systems International Co., Ltd.	-	-	-	
Assistant Vice President	Taiwan	Chang Chen-Cheng	Male	January 2022	64,477	0.00%	0	0.00%	0	0.00%	Graduate Institute of Business Management, Chung Yuan Christian University Bachelor of Science in Mechanical Engineering, Chung Yuan Christian University	Director, SOLMAX POWER TAIWAN LIMITED	-	-	-	

Note 1: Where the chairman of the board of directors and the president or person of an equivalent post (top-level manager) of the company are the same person, spouses or relations within the first degree of kinship, the reasons, reasonableness, necessity and measures to address the situation shall be stated:

The Company's Chairman of the Board of Directors concurrently serves as the Chief Strategy Officer, in order to enhance operational efficiency, decision making and execution.

The Chairman of the Board of Directors also closely communicates with the directors on recent operational status and planning guidelines in order to implement corporate governance. Currently, the Company has the following measures to address the situation:

- (1) Board of Directors: Except for the Chairman, no employees or managers concurrently serve as directors. The Board includes members of diverse backgrounds and consists of prominent outside professionals in technology, finance and accounting, investment, legal and academics, who shall provide professional advice on management decisions.
- (2) The current independent directors have expertise in management and technology, communicating with the CPAs and directors regularly to effectively perform their duty of supervision. The Company has increased the number of independent directors at the first extraordinary general meeting in 2021 to enhance corporate governance.
- (3) The independent directors conduct comprehensive discussions in functional committees and make recommendations for the Board's reference, in order to implement corporate governance.

III. Remuneration paid to directors, management team for the most recent year

(I) Remuneration for general and independent directors

Unit: NT\$1,000

No.	Job Title	Name	Remuneration of directors							Total A, B, C and D as a percentage of net income after tax		Remuneration received as part-time employee							Total A, B, C, D, E, F and G as a percentage of net income after tax		Remuneration received from a investee business outside of subsidiaries or from the parent company		
			Remuneration (A)		Retirement Pension (B)		Remuneration of Director (C) (Note)		Business execution fees (D)			Salaries, bonuses, special allowances, etc. (E)		Retirement Pension (E)		Employee Compensation (G)							
			The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	Amount of Cash	Amount of Stocks	Amount of Cash	Amount of Stocks		The Company	All companies listed in the financial statements
1	Chairman of the Board of Directors	KO, IKUJIN (appointed 9.24.2021)																					
2	Director	Fang Sung-jen (appointed 9.24.2021)																					
3	Director	Chang Chung-te																					
4	Director	Creative Sensor Inc. Representative: Wang En-kuo (Appointed September 24, 2021)																					
5	Director	KORYO ELECTRONICS CO., LTD. Representative: Chen Chien-lung (Appointed September 24, 2021)																					
6	Director	Teco International Investment Co., Ltd. Representative: Ho Chi-yin (Appointed September 24, 2021)																					
7	Director	Kuang Yuan Industrial Co., Ltd. Representative: Kao Tung-hai (Appointed September 24, 2021)																					
8	Chairman of the Board of Directors	Creative Sensor Inc. Representative: KO, IKUJIN (Resigned September 24, 2021)																					
9	Director	Creative Sensor Inc. Representative: Yang Chi-chang (Appointed January 4, 2021; Resigned September 24, 2021)	3,426	3,666	0	0	2,133	2,133	550	550	11.79%	12.25%	7,304	7,304	0	0	281	0	281	0	26.42%	26.89%	14,632
10	Director	Creative Sensor Inc. Representative: Chen Chien-lung (Appointed July 19, 2021; Resigned September 24, 2021)																					
11	Director	Teco International Investment Co., Ltd. Representative: Lien Chao-chih (Resigned September 24, 2021)																					
12	Director	Multilite International Co., Ltd. Representative: Lin Neng-pai (ipso facto discharged March 18, 2021)																					
13	Director	KROM ELECTRONICS CO., LTD. Representative: vacant (ipso facto discharged March 18, 2021)																					
14	Director	Kuang Yuan Industrial Co., Ltd. Representative: Chiu Chun-chih (Resigned April 7, 2021)																					
15	Director	Kuang Yuan Industrial Co., Ltd. Representative: Ho Chi-yin (Appointed April 7, 2021; Resigned)																					

No.	Job Title	Name	Remuneration of directors								Remuneration received as part-time employee								Total A, B, C, D, E, F and G as a percentage of net income after tax	Remuneration received from a investee business outside of subsidiaries or from the parent company					
			Remuneration (A)		Retirement Pension (B)		Remuneration of Director (C) (Note)		Business execution fees (D)		Total A, B, C and D as a percentage of net income after tax		Salaries, bonuses, special allowances, etc. (E)		Retirement Pension (E)		Employee Compensation (G)								
			The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements			The Company	All companies listed in the financial statements			
		September 24, 2021)																							
16	Director	Wang Yao-ting (Resigned September 24, 2021)																							
17	Director	Wu Tung-hsiung (Resigned September 24, 2021)																							
18	Director	Kuo Jui-sung (Resigned September 24, 2021)																							
19	Director	Wang En-kuo (Appointed July 19, 2021; Resigned September 24, 2021)																							
20	Independent Director	Tan Yao-nan																							
21	Independent Director	Lu Wen-tsung																							
22	Independent Director	Hsu Wan-chi																							
23	Independent Director	Yang Pei-chieh	4,069	4,069	0	0	198	198	355	355	8.92%	8.92%	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Independent Director	Yu Tsu-kang (Resigned September 24, 2021)																							
25	Independent Director	Chen Hsiang-chung (Resigned September 24, 2021)																							
26	Independent Director	Chen Kuan-pai (Resigned September 24, 2021)																							

Remuneration Brackets

Brackets of remuneration payable to the Company's directors	Name of the director (Note)			
	Total of the first four remuneration items (A+B+C+D)		Total of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company	All companies listed in the financial statements H	The Company	All companies listed in the financial statements I
Less than NT\$1,000,000	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23	2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23
NT\$1,000,000 to NT\$1,999,999	24, 25, 26	24, 25, 26	24, 25, 26	24, 25, 26
NT\$2,000,000 to NT\$3,499,999				
NT\$3,500,000 to NT\$4,999,999				
NT\$5,000,000 to NT\$9,999,999			1	1
NT\$10,000,000 to NT\$14,999,999				
Total	26	26	26	26

(II) Remuneration for the President and Vice Presidents

Unit: NT\$1,000

Job Title	Name	Salary (A)		Retirement Pension (B)		Bonuses and Special Allowances, etc. (C)		Employee Compensation Amount (D)				Total A, B, C and D as a percentage of net income after tax (%)		Remuneration received from a investee business outside of subsidiaries or from the parent company
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Amount of Cash	Amount of Stocks	Amount of Cash	Amount of Stocks			
1 Chief Strategy Officer	KO, IKUJIN (Appointed March 17, 2021)	11,717	12,240	0	0	316	316	658	0	658	0	24.49%	25.50%	6,472
2 President	Kanji Wada (Appointed March 17, 2021)													
3 Vice President of Operations	Li Li-chiu (Appointed January 5, 2022)													
4 President	KO, IKUJIN (Resigned March 17, 2021)													
5 Senior Vice President	Lin Chun-lien (Resigned January 15, 2021)													

Remuneration Brackets

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

Note: Represented with the number of each manager

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

Unit: NT\$1,000

	Job Title	Name	Amount of Stocks	Amount of Cash (Note)	Total	Total amount as a percentage of net income after tax (%)
Manager	Chief Strategy Officer	KO, IKUJIN	0	745	745	1.44%
	President	Kanji Wada				
	Vice President of Operations	Li Li-chiu				
	Assistant Vice President	Chang Chen-Cheng				
	Accounting Director	Hsu Cheng-Chen				

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

(II). Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

1. Analysis of total remuneration, as a percentage of net income, as paid by this company and by each other company included in the consolidated financial statements to directors, supervisors, general managers, and assistant general managers:

Year	Remuneration of directors		Remuneration of supervisors		President and vice presidents	
	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements
2021	20.71%	21.17%	NA	NA	24.49%	25.50%
2020	743.31%	773.35%	77.72%	77.72%	2,036.05%	2,126.16%

2. The ratio of directors and supervisors' remunerations to the net income after tax decreased in 2021 from 2020,

- (1) The directors and supervisors' remunerations provided pursuant to the Articles of Incorporation, are based on the balance of net income before tax deducting the profit before distribution of employees, directors and supervisors' remunerations, and setting aside the reserves to offset the cumulative deficit.
- (2) While the COVID-19 pandemic continued in 2021, the commencement of vaccination resulting in the pandemic under control, and thus the overall economic activities elevated. The major market of Teco Image Systems, multi-function peripheral (MFP) followed the suit, to have the increased demands. Therefore, the operating revenue in 2021 increased, with the net income after tax growing 6386% from 2020, so the ratio of directors and supervisors'

remunerations to the net income after tax declined.

3. The ratio of president and vice presidents' remunerations to the net profit after tax decreased in 2021 from 2020, mainly because:
 - (1) The Company pays the remunerations to the president and vice presidents based other their participations in, and contributions to the Company's operation, while referring to the peers' level and the connections to the future risks.
 - (2) Same as the directors and supervisors' remunerations, as the operating revenue in 2021 increased, with the net income after tax growing 6386% from 2020, so the ratio of president and vice presidents' remunerations to the net income after tax declined.
4. The remunerations paid to directors, president and vice presidents, are pursuant to the Company Act and approved by the board of directors.

IV. Implementation of Corporate Governance

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

The Board of Directors held 12 meeting in the most recent year. The directors' attendance is as follows:

1. The 9th Board of Directors held 10 meetings.

Job Title	Name	Times of Attendance in person (either as a non-voting participant or a voting participant)	Attendance by proxy	Rate of Attendance in person (either as a non-voting participant or a voting participant) (%)	Note
Chairman of the Board of Directors	Creative Sensor Inc. Representative: KO, IKUJIN	8	2	80%	None
Director	Creative Sensor Inc. Representative: Yang Chi-chang	9	1	90%	Appointed on January 4, 2021 (Obligated to attend 10 meetings)
Director	Creative Sensor Inc. Representative: Chen Chien-lung	4	0	100%	Appointed on July 19, 2021 (Obligated to attend 4 meetings)
Director	TECO International Investment Co. Ltd. Representative: Lien Chao-chih	7	2	70%	None
Director	Multilite International Co., Ltd. Representative: Lin Neng-pai	0	1	0%	Discharged on March 18, 2021 (Obligated to attend 1 meeting)
Director	Kuang Yuan Co., Ltd. Representative: Chiu Chun-chih	1	0	100%	Discharged on March 18, 2021 (Obligated to attend 1 meeting)
Director	Kuang Yuan Co., Ltd. Representative: Ho Chi-yin	9	0	100%	Appointed on March 18, 2021 (Obligated to attend 9 meetings)
Director	Wu Tung-hsiung	9	1	90%	None
Director	Kuo Jui-sung	8	2	80%	None
Director	Chang Chung-te	9	1	90%	None
Director	Wang Yao-ting	9	1	90%	None
Director	Wang En-kuo	4	0	100%	Appointed on July 19, 2021 (Obligated to attend 4 meetings)
Independent Director	Yu Tsu-kang	9	1	90%	None
Independent Director	Chen Hsiang-chung	7	3	70%	None
Independent Director	Chen Kuan-pai	10	0	100%	None

2. The 10th Board of Directors held 2 meetings (A).

Job Title	Name	Times of attendance in person (either as a non-voting participant or a voting participant) B	Attendance by proxy	Rate of Attendance in person (either as a non-voting participant or a voting participant) (%) 【B/A】	Note
Chairman of the Board of Directors	KO, IKUJIN	2	0	100%	None
Director	Fang Sung-jen	2	0	100%	None
Director	Chang Chung-te	2	0	100%	None
Director	Creative Sensor Inc. Representative: Wang En-kuo	2	0	100%	None
Director	Koryo Electronics Co., Ltd. Representative: Chen Chien-lung	2	0	100%	None
Director	TECO International Investment Co. Ltd. Representative: Ho Chi-yin	2	0	100%	None
Director	Kuang Yuan Co., Ltd. Representative: Kao Tung-hai	2	0	100%	None
Independent Director	Tan Yao-nan	2	0	100%	None
Independent Director	Lu Wen-tsung	2	0	100%	None
Independent Director	Hsu Wan-chi	2	0	100%	None
Independent Director	Yang Pei-chieh	2	0	100%	None

Other matters that require reporting:

(I) If any of the following circumstances apply to the operation of the board of directors' meeting, the date, term, contents of the motions, the opinions of all independent directors and the Company's handling of the opinions of the independent directors shall be stated:

1. Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to the Audit Committee operation specified in this annual report. All independent directors agreed on all motions.
2. In addition to the foregoing, other resolutions passed at a meeting of the board of directors about which any independent director expresses an objection or reservation that has been included in records or stated in writing:

Date of Audit Committee	Term	Content of the Motion	Independent Director's Opinions
07/19/2021	9th term 12th meeting	To establish financial quota	Upon consideration by eighth meeting of the first Audit Committee, the three independent directors indicated that they were unable to discuss the financial quota establishment immediately, since they had only received prior notice of the meeting and had not received the content of the items to be discussed.

(II) Directors' recusal of discussed matters with personal interest at a board meeting -- the names of the directors, contents of the motions, reasons for recusal and circumstances of participation in the vote shall be stated:

Date of the Board Meeting	Director to Recuse	Content of the Motion	Reason for Recusal	Participation in Voting
03/17/2021	Yang Chi-chang	Release of corporate directors from the non-compete restrictions	The recused director was involved	Did not participate in discussion or voting
	KO, IKUJIN	Personnel change to the Company's senior executives	The recused director was involved	Did not participate in discussion or voting
07/14/2021	Ho Chi-yin	Establishment of a tender offer review committee	The recused director was a corporate shareholder representative of the party to be acquired	Did not participate in discussion or voting
07/19/2021	Ho Chi-yin	Result report of the Audit Committee deliberation on the tender offer for the Company's common shares by An Fu International Investment Co., Ltd.	The recused director was a corporate shareholder representative of the party to be acquired	Did not participate in discussion or voting
07/28/2021	KO, IKUJIN Yang Chi-chang Chen Chien-lung	Establishment of a tender offer review committee	The recused director was a corporate shareholder representative of the party to be acquired	Did not participate in discussion or voting
08/06/2021	KO, IKUJIN Yang Chi-chang Chen Chien-lung	Result report of the Audit Committee deliberation on the tender offer for the Company's common shares by Koryo Electronics Co., Ltd.	The recused director was a corporate shareholder representative of the party to be acquired	Did not participate in discussion or voting
08/26/2021	Wang En-kuo	Personnel change to the Company's senior executives	The recused director was involved	Did not participate in discussion or voting

(III) Implementation of evaluations on the Board of Directors and functional committees:

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Evaluation results description:
Once a year	1/1/2021~ 12/31/2021	Board of Directors, individual board members, functional committees	Self-evaluation by the board of directors, self- evaluation by the board members and self- evaluation by the functional committees	(I) Board performance evaluation: 1. Level of involvement in the company's operations 2. Improvement of the quality of board decisions 3. Composition and structure of the board of directors 4. Election of directors and continuing education 5. Internal control (II) Self-evaluation of board members 1. Mastery of company goals and tasks 2. Awareness of directors' responsibilities 3. Level of involvement in the company's operations 4. Internal relations management and communication

Cycle of Evaluation	Period of Evaluation	Scope of Evaluation	Method of Evaluation	Evaluation results description:
				5. Directors' professional competence and continuing education 6. Internal control (III) Self-evaluation of functional committees: 1. Level of involvement in the company's operations 2. Awareness of responsibilities of the committee 3. Improvement of committee decision quality 4. Committee composition and selection of members 5. Internal control
I. Evaluation results description: (1) Self-evaluation results of the Board of Directors' performance: 45 indicators in five major areas, with an evaluation result of "Excellent (4.70)." (2) Self-evaluation results of the Board members' performance: 22 indicators in six major areas, with an evaluation result of "Excellent (4.77)." (3) Self-evaluation results of the functional committees' performance: 24 indicators in five major areas, with an evaluation result of "Excellent (4.84)." II. Conclusion The results of these self-evaluations show that the Board of Directors has been responsible for properly guiding and supervising the Company's strategies, major business and risk management, and that the overall operation is sound and meets the requirements of corporate governance.				

- IV. An evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years:
1. On December 20, 2011, the Company established the Remuneration Committee, which shall be responsible for the policy, system, standard, and structure, assessment, and determination of the remuneration and performance evaluation of directors, supervisors, and managerial officers.
 2. On June 24, 2010, the Company established the Audit Committee, which shall be responsible for all matters and duties assigned to supervisors by the Securities and Exchange Act, the Company Act, and other laws, except the matters and duties specified in Paragraph 4, Article 14-4 of the Securities and Exchange Act. The matters and duties specified in Paragraph 4, Article 14-4 of the Securities and Exchange Act that are assigned to supervisors, either to be a representative of the Company or to act as a supervisor, shall be assigned to the members of independent directors of the Audit Committee.
 3. Directors' education: In addition to encouraging directors to pursue further education on their own, the Company arranges for lecturers to visit the Company every year in order to continuously enrich their knowledge and achieve better interactive benefits. In 2021, the Board of Directors reached a total of 87 hours of study, and the Company invited Taiwan Digital Governance Association to lead a course on "ESG Trends and Digital Strategies."
 4. Directors liability insurance: In order to protect directors against the risks they assume in the execution of their business, the Company takes out directors liability insurance for its directors every year, regularly reviews the contents of the policy to ensure that the indemnity and coverage meet the needs, and reports to the Board of Directors.
 5. The Company has established the "Performance Evaluation Measures of the Board of Directors and Functional Committees." After each year's performance evaluation, the executive unit of the Board of Directors shall compile and analyze the data and submit an evaluation report to the Board of Directors. The evaluation of the Board of Directors' performance for the year 2021 has been completed.

(II) Operation of the Audit Committee:

Matters mainly considered by the Audit Committee are as follows

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

Professional qualifications and experience of the Audit Committee

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

In the most recent year (2021), the Audit Committee convened seven meetings, and the attendance of independent directors was as follows:

Job Title	Name	Number of actual attendances (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Note
Independent Director	Yu Tsu-kang	5	1	80%	Resigned September 24, 2021 (Obligated to attend 6 meetings)
Independent Director	Chen Hsiang-chung	4	2	67%	Resigned September 24, 2021 (Obligated to attend 6 meetings)
Independent Director	Chen Kuan-pai	6	0	100%	Resigned September 24, 2021 (Obligated to attend 6 meetings)
Independent Director	Tan Yao-nan	1	0	100%	Appointed September 24, 2021 (Obligated to attend 1 meeting)
Independent Director	Lu Wen-tsung	1	0	100%	Appointed September 24, 2021 (Obligated to attend 1 meeting)
Independent Director	Hsu Wan-chi	1	0	100%	Appointed September 24, 2021 (Obligated to attend 1 meeting)
Independent Director	Yang Pei-chieh	1	0	100%	Appointed September 24, 2021 (Obligated to attend 1 meeting)

Other matters that require reporting:

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

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

Date of Audit Committee	Term	Content of the Motion	Independent directors' dissenting opinions, reservations or significant recommendations	Audit Committee resolution	The Company's handling of the Committee's opinions
03/17/2021	5th meeting of the 1st term	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	None
		Internal audit report			
		2020 business report and financial statements			
		2020 earnings distribution			
		Presenting the 2020 "Statement of Internal Control System"			
		Amendment to the "Procedures for the Acquisition or Disposal of Assets"			
		Supplementary statement of financial budgets for 2021			
05/07/2021	6th meeting of the 1st term	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	None
		2021 Q1 financial statements			
		Internal audit report			
		Release of new directors from the non-compete restrictions			
05/30/2021	7th meeting of the 1st term	Amendment to the "Procedures for the Acquisition or Disposal of Assets"	All independent directors did not present any objections or reservations	All members present passed the motion without objection	None
08/06/2021	9th meeting of the 1st term	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	None
		2021 Q2 financial statements			
		Internal audit report			
08/26/2021	10th meeting of the 1st term	Release of new directors from the non-compete restrictions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	None
		Personnel change to the senior executives			
11/08/2021	1st meeting of the 2nd term	Report on the execution of derivative financial instrument transactions	All independent directors did not present any objections or reservations	All members present passed the motion without objection	None
		2021 Q3 financial statements			
		Internal audit report			
		The Audit Plan for 2022			

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

(II) Independent directors' recusal of discussed matters with personal interest at a board meeting -- the names of the independent directors, contents of the motions, reasons for recusal and circumstances of participation in the vote shall be stated: N/A.

(III) Communication between independent directors, the head of internal audit, and the CPAs: The independent directors may communicate with the head of internal audit and CPAs at any

time regarding the Company's finances and businesses, and receive reports on various business matters from the directors and management and participate in discussions and decision making when attending board meetings.

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

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

Meeting Date	Meeting	Communication Matters	Communication Result
2021.05.07	1st session 6th meeting Audit Committee	Internal Audit Report for 2021	Noted
2021.08.06	1st session 9th meeting Audit Committee	Internal Audit Report for 2021	Noted
2021.11.8	2nd session 1st meeting Audit Committee	Internal Audit Report for 2021 The Audit Plan for 2022	Noted Approved and Submitted to the Board of Directors for resolution

2. Communication between independent directors and CPAs:

The CPA responsible for auditing the Company's semi-annual and annual financial statements reported at the Audit Committee meeting on the review result or audit result as well as other statutory communication matters.

Meeting Date	Form of Meeting	Communication Matters	Communication Result
2021.12.24	Communication in writing	The CPA gave a description of the key audit matters identified during auditing the financial statements for 2021.	Noted

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

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
I. Has the Company formulated and disclosed its own corporate governance principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?"	V		The Company has formulated and disclosed its own corporate governance principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies."	The Group adopts the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" as the basis for corporate governance.
II. Shareholding structure and shareholders' rights		V	(I) The Group has not established such procedures, but the Company has established spokespersons, proxy spokespersons and stock affairs units to handle issues such as shareholders' proposals and disputes.	No difference
(I) Does the Company have internal procedures dedicated to handling shareholder proposals, inquiries, disputes and litigation matters and implement accordingly?				
(II) Does the Company retain a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders?	V		(II) The Group keeps track of the shareholdings of directors, managers and substantial shareholders holding 10% or more of the shares and reports the shareholdings of major shareholders on a regular basis.	No difference
(III) Has the company established and implemented a risk control and firewall mechanism with its affiliates?	V		(III) The financial and business operations of the Group and its affiliates are independent of each other. The Group has also established the "Regulations Governing the Control of Subsidiaries" to monitor the operations of its subsidiaries.	No difference
(IV) Has the Company adopted internal rules prohibiting company insiders from trading securities using information not disclosed to the market?	V		(IV) The Group has established management rules to prevent insider trading and prohibit insiders from trading marketable securities using information not disclosed to the market.	No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
<p>III. Composition and duties of the Board of Directors</p> <p>(I) Has the Board of Directors established and implemented a diversity policy and specific management objectives?</p> <p>(II) Has the company voluntarily established various functional committees other than the Compensation Committee and Audit Committee as required by law?</p> <p>(III) Does the Company have a board of directors' performance evaluation policy and methods, conduct performance evaluation annually and regularly, and report the results of evaluation to the board of directors as reference for individual directors' salary and remuneration and nomination for reappointment?</p>		V	<p>(I) The Group's "Code of Corporate Governance Practices" sets out a diversity approach to membership and implements it.</p> <p>(II) In addition to the Remuneration Committee in accordance with the law and the Audit Committee after the election of independent directors at the 2020 Annual General Meeting of Shareholders (06.24.2020), the Group will evaluate the establishment of other functional committees as necessary in the future.</p> <p>(III) The Company has established the "Rules Governing the Performance Evaluation of the Board of Directors and Functional Committees," which stipulates that the Board of Directors shall conduct a performance evaluation at least once a year. The performance evaluation of the current year shall be conducted at the end of each year during the internal evaluation, and the evaluation results shall be completed before the nearest board meeting to be held in the following year. The performance evaluation of the Board of Directors for the year 2021 has been completed through self-evaluation by the Board members, the scope of the self-evaluation including performance evaluation of the Board of Directors, self-evaluation of individual Board members and performance evaluation of the functional committees. The average score of the evaluation exceeded 4.7 (full score being 5), which indicates that the operation systems of the Board of Directors and the functional committees are sound and comprehensive. The results were</p>	<p>No difference</p> <p>No difference</p> <p>No difference</p>

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
(IV) Does the company regularly evaluate the independence of its CPAs?	V		<p>reported to of the Board of Directors on March 16, 2022.</p> <p>(IV) In accordance with Article 29 of the Company's "Code of Corporate Governance Practices," the Finance and Accounting Division collects and conducts the initial evaluation of the CPAs' independence and competence; upon completion, the annual initial evaluation is then submitted to the Board of Directors for discussion and resolution at the end of the year. The evaluation items include three aspects: independence requirement review, independent operation review, and competence review. The CPAs fill out independence evaluation questionnaires and issue statement of independence. Via stock and human resources departments, the Company verifies that the CPAs do not hold any shares of the Company, do not hold any other positions in the Company, and meet the independence and competence requirements.</p> <p>In the past two years, the fifth meeting of the ninth term (December 28, 2020) and the third meeting of the tenth term (January 05, 2022) discussed and approved the independence evaluation of the CPAs based on the criteria of independence requirements, independent operation and competence.</p>	No difference
IV. Does the TWSE/TPEX listed company have an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer to be in charge of corporate governance related matters (including but	V		<p>The Company's Finance and Accounting Division is responsible for corporate governance matters:</p> <p>(I) To provide directors and independent directors with required information, assign a person to be responsible for board meetings and shareholders' meetings, handle the registration and changes of</p>	No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
not limited to providing information necessary for directors and supervisors to perform their duties, assisting directors and supervisors with legal compliance, conducting board and shareholders' meetings related matters in accordance with the laws, and preparing minutes of board and shareholders' meetings, etc.)?			<p>the company, and prepare the minutes of board meetings and shareholders' meetings.</p> <p>(II) To coordinate the improvement plan and implementation of corporate governance projects in respective departments.</p> <p>(III) To pay attention to amendments to corporate governance related regulations by the competent authorities, revise internal corporate governance related regulations accordingly, and have the regulations reviewed by external lawyers and submitted to the Board of Directors.</p>	
V. Has the company established channels of communication with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), designated a stakeholders section on its website, and appropriately responded to important CSR issues of concern to its stakeholders?	V		The Group has established a communication channel with stakeholders and has responded appropriately to their concerns on important corporate social responsibility issues.	No difference
VI. Does the company engage a professional shareholder services agent to handle shareholders meeting matters?	V		The Group has engaged the Agency Department of CTBC Bank to act on behalf of the Company in shareholder matters and has established the "Regulations Governing the Stock Affairs."	No difference
VII. Disclosure of information (I) Does the company have a website to disclose information about its financial operations and corporate governance?	V		(I) The Group's website has "Financial Information," "Investor Services" and "Corporate Governance" sections to fully disclose financial operations and corporate governance information.	No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
<p>(II) Has the company adopted other means of information disclosure (such as setting up an English website, designating personnel responsible for the collection and disclosure of company information, implementing a spokesperson system, publishing the details of the investors' conference on the company's website, etc.)?</p>	V		(II) The Group has a website in both English and Chinese, a dedicated person responsible for collecting and disclosing company information and a spokesperson system in place.	
<p>(III) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</p>		V	(III) The Company publicly announces and registers with the Competent Authority its annual financial reports (within three months), first, second and third quarter financial reports (within 45 days) and monthly operating status (within the first ten days of each calendar month) in accordance with Article 36 of the Securities and Exchange Act. Due to the Group's merger, it has not yet been possible to announce and register the annual financial reports within two months after the end of the fiscal year. The financial reports for the year 2021 were announced and registered on March 16, 2022.	

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
VIII. Is there any other important information that can help understand the Company's operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, directors and supervisors education, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors)?	V		<p>(I) Employee rights and employee care: The Company employs under labor conditions that are superior to the Labor Standards Act and the Employment Service Act, and fulfills its social responsibility to take care of its employees and the disadvantaged in its employment.</p> <p>(II) Investor relations: The Company's website has an "investors" section for investors to access information about the Company; the Company also designates a spokesperson to handle shareholder suggestions.</p> <p>(III) Supplier relations: The Company has always maintained good relations with its suppliers. In addition to communication through procurement channels, the Company holds annual supplier meetings to connect and exchange views with suppliers.</p> <p>(IV) Stakeholders' rights: Stakeholders may communicate with the Company and make suggestions in order to protect their legitimate rights and interests.</p> <p>(V) Directors' and supervisors' continuing education: The Company's directors and supervisors have continued their education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." (Note 1)</p>	No difference

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
			<p>(VI) Implementation of risk management policies and risk measurement standards: Please refer to the description of "Risk Management and Evaluation" in this report (pages 90~93).</p> <p>(VII) Implementation of customer policy: The Company maintains a stable and good relationship with its customers in order to generate profits.</p> <p>(VIII) Liability insurance for all directors of the Company: For the year 2022, the Company has taken out liability insurance for all directors and managers with a coverage of USD10 million. -- AIG Taiwan: Insurance Certificate No. 2900-2331000819-10</p> <p>(IX) Certification and licenses of personnel related to the transparency of financial information as specified by the competent authorities: The Company's Finance and Accounting Division is responsible for matters related to the transparency of financial information, and its personnel has passed the stock affair specialists basic competency test held by the Securities and Futures Institute and obtained certification.</p>	
IX. Describe the improvements that have been made based the results of the corporate governance evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures to enhance matters that have not yet been improved.	V		In the eighth annual corporate governance evaluation in 2021, the Company was graded between 66% and 80%. Based on the eighth annual corporate governance evaluation results in 2021, the Company has first made the following improvements: (1) uploading material information in English and the shareholders' meeting handbook; (2) disclosing the results of the Board of Directors' performance evaluation in the annual report, etc. Moving forward, the Company will strengthen its	Based on the evaluation results, the Company has prioritized its efforts to comply with the Code of Corporate Governance Practice.

Evaluation Items	Implementation			Differences from the provisions of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for the differences
	Yes	No	Summary	
			corporate governance, which needs improvement, including implementing corporate social responsibility, and continuing to strengthen the implementation of corporate governance.	

Note 1: 2021 directors' and managers' continuing education

a. 2021 directors' and supervisors' continuing education:

Job Title	Name	Date	Course	Hours
Chairman of the Board of Directors	Huang Yu-jen	12.13.2021	ESG Trends and Digital Strategies	3
		12.21.2021	Securities and Exchange Act Case Study of Directors' and Supervisors' Liability and Financial Misrepresentation; Analysis of Directors' and Officers' Liability Insurance Coverage	3
Director	Fang Sung-jen	05.07.2021	Corporate Governance and Business Management	3
		09.01.2021	The 13th Taipei Corporate Governance Forum (afternoon)	3
		12.10.2021	Introduction to Corporate Social Responsibility, Sustainable Management, Insider Trading and Anti-Corruption	3
Director	Chang Chung-te	10.08.2021	Information Session on Insiders Stock Ownership for Listed Companies	3
		11.26.2021	2030/2050 Net Zero Emissions - Sustainability Challenges and Opportunities for Global Businesses	3
Director	Wang En-kuo	09.01.2021	The 13th Taipei Corporate Governance Forum	6
		12.13.2021	ESG Trends and Digital Strategies	3
Director	Chen Chien-lung	12.13.2021	ESG Trends and Digital Strategies	3
		12.21.2021	Securities and Exchange Act Case Study of Directors' and Supervisors' Liability and Financial Misrepresentation; Analysis of Directors' and Officers' Liability Insurance Coverage	3
Director	Ho Chi-yin	11.05.2021	Information Security and Risk Trend Analysis	3
		12.13.2021	ESG Trends and Digital Strategies	3
		12.20.2021	Latest International ESG Policies and Trend Analysis	3
		12.21.2021	Securities and Exchange Act Case Study of Directors' and Supervisors' Liability and Financial Misrepresentation; Analysis of Directors' and Officers' Liability Insurance Coverage	3
Director	Kao Tung-hai	12.21.2021	Securities and Exchange Act Case Study of Directors' and Supervisors' Liability and Financial Misrepresentation; Analysis of Directors' and Officers' Liability Insurance Coverage	3
Independent Director	Tan Yao-nan	12.08.2021	How to Properly Exercise the Authority of Independent Directors from the Perspective of Securities and Exchange Act - and on Audit Committee	3
		12.13.2021	ESG Trends and Digital Strategies	3
Independent Director	Lu Wen-tsung	12.13.2021	ESG Trends and Digital Strategies	3
		12.21.2021	Securities and Exchange Act Case Study of Directors' and Supervisors' Liability and Financial Misrepresentation; Analysis of Directors' and Officers' Liability Insurance Coverage	3

Job Title	Name	Date	Course	Hours
Independent Director	Yang Pei-chieh	11.09.2021	Business Operation and Fair Trade Laws -- Applicability and Non-Applicability of the Fair Trade Act to Industries and Types of Business -- and on Consumer Protection	3
		11.09.2021	"Ethical Corporate Management for TWSE/GTSM Listed Companies" and its Implementation on Company Personnel's Execution of Business -- and on Prevention of Insider Trading in Listed Securities	3
		12.13.2021	ESG Trends and Digital Strategies	3
		12.21.2021	Securities and Exchange Act Case Study of Directors' and Supervisors' Liability and Financial Misrepresentation; Analysis of Directors' and Officers' Liability Insurance Coverage	3
Independent Director	Hsu Wan-chi	12.01.2021	Corporate Legacy and Corporate Governance	3
		12.08.2021	How to Properly Exercise the Authority of Independent Directors from the Perspective of Securities and Exchange Act - and on Audit Committee	3
		12.09.2021	Trade Secret Protection and Fraud Detection Practice Analysis	3
		12.22.2021	Misrepresentation of Financial Statements and the Responsibility of Directors, Supervisors and Managers	3

b. 2021 managers' continuing education:

Job Title	Name	Date	Course	Hours
Assistant Vice President	Chang Chen-Cheng	10/21/2021-10/22/2021	Accounting Supervisor Continuing Education Course for Issuers, Securities Dealers and Exchanges (Selected Package) (Video Lecture)	12
Manager	Hsu Cheng-Chen	10/7/2021-10/8/2021	Accounting Supervisor Continuing Education Course for Issuers, Securities Dealers and Exchanges (Selected Package) (Video Lecture)	12

(V)Operation of the Remuneration Committee

1. Remuneration Committee Member Profiles

March 31, 2022

Identification		Qualification	Professional Qualifications and Experience	Independence	Number of other public companies for which the member concurrently serve as a remuneration committee member
Name					
Independent Director	Hsu Wan-chi	<ul style="list-style-type: none"> • Chairman, Small and Medium Enterprise Credit Guarantee Fund of Taiwan: 2021: 1 year • Adjunct Assistant Professor, Central Taiwan University of Science and Technology: 1 year (2021 - present) • Consultant, Taipei Tech GLORIA 2.0, National Taipei University of Technology: 2 years (2020 - present) • President, Taiwan Small & Medium Enterprise Counseling Foundation: 4 years (2017 - 2021) 	<p>Complies with the provisions regarding independence in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"</p> <ul style="list-style-type: none"> ● The member, their spouse, or relative within the second degree of kinship does not serve as a director, supervisor or employee of the company or its affiliates; ● The member, their spouse, or relative within the second degree of kinship does not hold shares of the Company (or under any other's name); ● Not a director, supervisor or employee of a company with which the Company has a specific relation; ● Did not provide the Company or its affiliates paid business, legal, financial or accounting services in the past 2 years. 	0	
Independent Director	Lu Wen-tsung	<p>Auditor, Leader, Manager, Partner, PwC Taiwan: 36 years CPA, PwC Taiwan: 22 years Chairman of the Board of Directors, Hao Hsiang Co.: 2 years</p>	<p>Complies with the provisions regarding independence in Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"</p> <ul style="list-style-type: none"> ● The member, their spouse, or relative within the second degree of kinship does not serve as a director, supervisor or employee of the company or its affiliates; ● The member, their spouse, or relative within the second degree of kinship does not hold shares of the Company (or under any other's name); ● Not a director, supervisor or 	0	

			<p>employee of a company with which the Company has a specific relation;</p> <ul style="list-style-type: none"> ● Did not provide the Company or its affiliates paid business, legal, financial or accounting services in the past 2 years. 	
Others	Chen Hui-Ling	<ul style="list-style-type: none"> • CFO, UniPharma Co., Ltd.: 8 years • CFO, Veritas Biomedical Co. Ltd.: 1 year • Chairman of the Board of Directors, LATTEFA INTERNATIONAL CO., LTD.: 9 years • Director, Meisei Creations, Co., Ltd.: 4 years • Supervisor, CULTURE-ING CO., LTD.: 9 years 	<p>Complies with the provisions regarding independence in Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”</p> <ul style="list-style-type: none"> ● The member, their spouse, or relative within the second degree of kinship does not serve as a director, supervisor or employee of the company or its affiliates; ● The member, their spouse, or relative within the second degree of kinship does not hold shares of the Company (or under any other's name); ● Not a director, supervisor or employee of a company with which the Company has a specific relation; ● Did not provide the Company or its affiliates paid business, legal, financial or accounting services in the past 2 years. 	0

2. Information on Operation of the Remuneration Committee

- (1) The Company's Remuneration Committee has 3 members.
 (2) Term of office of current members: From November 08, 2021 to September 23, 2024.
 In the most recent year (2021), the Remuneration Committee convened 3 meetings (A) with the following membership and attendance.

Job Title	Name	Number of actual attendances (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Note
Convener	Hsu Wan-chi	1		100%	Appointed 11.08.2021 (Obligated to attend 1 meeting)
Committee member	Lu Wen-tsung	1		100%	Appointed 11.08.2021 (Obligated to attend 1 meeting)
Committee member	Chen Hui-Ling	1		100%	Appointed 11.08.2021 (Obligated to attend 1 meeting)
Convener	Yu Tsu-kang	2		100%	Appointed 09.24.2021 (Obligated to attend 2 meetings)
Committee member	Chen Hsiang-chung	1	1	50%	Appointed 09.24.2021 (Obligated to attend 2 meetings)
Committee member	Chen Kuan-pai	2		100%	Appointed 09.24.2021 (Obligated to attend 2 meetings)

Other matters that require reporting:

I. If the board of directors will decline to adopt, or will modify, a recommendation of the remuneration committee, the date and term of the board meeting, contents of the motions, the Board of Directors' resolutions and the Company's handling of the recommendation of the remuneration committee shall be stated (if the compensation approved by the board meeting is better than the recommendation of the remuneration committee, the difference and the reasons for the difference shall be stated): N/A.

II. If any member of the Remuneration Committee expresses an objection or reservation that has been included in records or stated in writing, the date and term of the Remuneration Committee meeting, contents of the motions, all members' opinions, and the handling of members' opinions shall be stated.

Meeting Date	Term	Important Resolution	Opinions from Remuneration Committee Members	The Company's handling of Remuneration Committee members' opinions
8/6/2021	3rd meeting of the 4th term	Senior Executive Salary	Additional information is needed to determine the appropriateness of the salary, and after confirmation, a separate meeting shall be held to resolve the matter.	Motion revoked

(VI) Differences between the Company's implementation of sustainable development and the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for the differences

Implementation Items	Implementation Status (Note 1)			Differences from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for the differences
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of sustainable development? Has the Board of Directors appointed executive-level positions with responsibility for such matters, with the Board of Directors supervising?	V		Although the Company has not established an exclusively dedicated unit, the Administration Division is responsible for promoting the practice of sustainable development, and will do so as needed.	No significant difference
II. Does the Company, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy?	V		The Company has established a code of practice for corporate social responsibility. While pursuing sustainable operation and profitability, the Company upholds the materiality principle to promote corporate governance, develop a sustainable environment, protect social welfare, and enhance disclosure of corporate social responsibility information.	No significant difference
III. Environmental issues (I) Has the company established a suitable environmental management system based on the characteristics of its industry?	V		(I) In accordance with the ISO14001 environmental management systems, the Company has established an environmental management handbook and various measures. In addition to complying with environmental regulations, the Company also aims at energy saving and carbon reduction, promoting various environment-friendly activities.	No significant difference
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment?	V		(II) The Company's new product development takes into account reusing resources and energy consumption; the Company also purchases RoHS compliant components and materials to reduce burden and impact on the environment.	

Implementation Items	Implementation Status (Note 1)			Differences from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the differences
	Yes	No	Summary	
<p>(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures?</p> <p>(IV) Does the Company compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and establish policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?</p>	V		<p>(III) In accordance with the regulations, the Company has established an environmental safety implementation center and staff to promote, maintain and manage internal environment, and has formulated energy-saving and carbon-reduction and waste-reduction plans, which are all implemented in accordance with the plans.</p> <p>(IV) The Company's total greenhouse gas emissions for 2020 and 2021 were 560.73 metric tons CO₂e and 687.70 metric tons CO₂e, respectively; water consumptions were 9,820 m³ and 10,802 m³, respectively; total weights of waste were 10.9 tons and 7.945 tons, respectively. The main source of greenhouse gas emissions was electricity use, and the increase was mainly due to the newly built plants in Taiwan. In the future, the Company will continue to promote environmental management programs to reduce waste water and gas emissions and waste generation by implementing energy control measures in order to achieve carbon reduction targets.</p>	
<p>IV. Social issues</p> <p>(I) Has the Company established management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	V		<p>(I) In accordance with the labor laws and regulations of the company's location and the purposes of international human rights conventions such as the UN Universal Declaration of Human Rights, the UN Global Compact, and the International Labor Organization Convention, the Company employs people on the basis of diversity and equality, employs disadvantaged people with humane</p>	No significant difference

Implementation Items	Implementation Status (Note 1)			Differences from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for the differences
	Yes	No	Summary	
(II) Has the company established and implemented reasonable employee benefits (including salary, vacation and other benefits) and appropriately reflected operational performance or results in employee compensation?	V		<p>treatment, prohibits child labor, and does not engage in unlawful forced labor practices. Meanwhile, the Company offers reasonable wages, has an open channel for complaints, and provides a safe and healthy working environment.</p> <p>(II) The Company has established work rules and related personnel management regulations, which include wages, working hours, leave, pension payments, and compensation for occupational accidents for employees, all in accordance with the relevant provisions of the Labor Standards Act. The Company has established an Employee Benefits Committee to handle employee benefits. Employee compensation is based on individual abilities, contribution and performance, and is positively correlated with the Company's operating performance. The amount of compensation distributed to employees in 2020 was NT\$300,952.</p>	
(III) Does the company provide a safe and healthy working environment for its employees and conduct regular safety and health education for the employees?	V		<p>(III) In order to provide a safe and healthy working environment for its employees, the Company has established an Occupational Safety and Health Center to promote the implementation of occupational safety and health related work. The Company holds regular employee health checkups every year and arranges healthcare professionals to provide on-site health consultation to employees on a monthly basis in accordance with the "Regulations of the Labor Health Protection". The Company regularly conducts working environment water quality examination, labor safety courses, and fire drills to prevent accidents</p>	

Implementation Items	Implementation Status (Note 1)			Differences from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for the differences
	Yes	No	Summary	
			and provide a hygienic workplace. Number of occupational accidents in 2021: 0. In the future, the Company will continue to promote the four major plans of labor health protection to implement occupational safety measures and ensure employees' health.	
(IV) Does the company have an effective career development program for its employees?	V		(IV) The company has a properly established promotion system and has planned various internal and external training courses to enhance the employees' professional capabilities, and to encourage learning and diversified development of the employees. In 2021, 42 people attended professional training courses, and several professional training courses were held within the company.	
(V) Does the company follow relevant laws and regulations and international standards, and have a policy and complaint procedure to protect the rights of consumers or customers with regard to issues such as customer health and safety, customer privacy, marketing and labeling of products and services?	V		(V) The Company has an open communication channel, with dedicated personnel to respond to customer complaints.	
(VI) Does the company have a supplier management policy that requires suppliers to follow regulations on environmental protection, occupational safety and health or labor human rights issues, and how is it implemented?	V		(VI) The Company has established the "Partner Evaluation and Management Measures" and "Environmental Management Substance Control Procedures," in which procurement, quality assurance, R&D, and engineering personnel conduct written or on-site evaluations of suppliers to ensure compliance with environmental protection and occupational safety and health related laws and regulations. The Company also	

Implementation Items	Implementation Status (Note 1)			Differences from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for the differences
	Yes	No	Summary	
			requires suppliers to submit "Commitment of Non-use for Hazardous Substances," performs occasional environmental management practices, and evaluates labor rights, ensuring the stability and quality of materials used.	
V. Does the Company adopt internationally widely recognized standards or guidelines to produce reports, such as sustainability reports, that disclose non-financial information about the company? Does the Company obtain a third-party assurance or verification for such reports?	V		The Company promotes sustainable development in accordance with the regulations of the competent authorities and relevant laws and regulations, and has not yet prepared a sustainability report.	No significant difference
VI. If the company has promulgated its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," describe how its operations differ from its principles: No significant difference				
VII. Other important information for understanding the Company's implementation of sustainable development: The Company attaches great importance to environmental protection, public security and health and hygiene, and has been awarded the "Disaster-free working hours" medal by the Council of Labor Affairs of the Executive Yuan. The Company has also taken part in energy-saving and carbon-reduction activities to combat global warming, implementing energy-saving measures such as turning off lights at lunchtime and using energy-saving LED lights. Moreover, the Company regularly holds environmental education courses to fulfill its obligations as a member of the global village and its corporate social responsibility.				

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

Evaluation Items	Implementation			Differences from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for the differences
	Yes	No	Summary	
<p>I. Establishment of ethical management policy and measures</p> <p>(I) Has the company established an ethical management policy approved by the board of directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies?</p> <p>(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which shall at least include preventive measures against the items listed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"</p> <p>(III) Does the company specify the operational procedures, guidelines, disciplinary and grievance systems for violations in its programs to forestall unethical conduct, implement them, and regularly review and revise such programs?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company's "Code of Ethical Conduct for Directors, Supervisors and Managers" was approved by the Board of Directors on December 19, 2014, and the "Code of Ethical Management" was formulated and approved by the Board of Directors on November 7, 2017. Members of the Board of Directors and the management shall conduct their business in accordance with the principles of ethical management.</p> <p>(II) The Group enters into an "Employment Agreement" with new employees, specifying that the employees undertake to comply with the announced "Work Rules for Employees," that legal responsibilities shall be affixed on any violation, and that the employment may be terminated in the event of violation.</p> <p>(III) The Company's Board of Directors resolved on November 7, 2017 to establish the Company's "Procedures and Conduct Guidelines for Ethical Management," and the Group issues "Work Rules for Employees" and provides training to new employees, so that they can fully understand the</p>	<p>No significant difference</p>

Evaluation Items	Implementation			Differences from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for the differences
	Yes	No	Summary	
			Company's philosophy of ethical management. The Company also provides occasional education and training for all employees as a reminder and facilitation of ethical behaviors.	
<p>II. Facilitation of ethical corporate management</p> <p>(I) Does the company evaluate the ethics record of its counterparties and specify terms of ethical behaviors in the contracts with its counterparties?</p> <p>(II) Has the Company established a dedicated unit that is under the board of directors to promote ethical management, which reports to the board of directors on a regular basis (at least once a year) on its ethical management policy, plans to prevent dishonest practices and monitoring of implementation?</p>	V		<p>(I) The Group regularly reviews the financial and credit standing of its trade creditors and debtors to avoid dealing with those who have a history of dishonest behavior; the Company also has provisions in its business contracts relating to ethics.</p> <p>(II) In order to enhance the Company's ethical management, the auditing unit compiles and supervises the implementation of the ethical management policy and prevention measures, and is mainly responsible for the following matters, among which the auditing unit supervises the administrative unit to handle matters specified in paragraphs 1 to 5:</p> <ol style="list-style-type: none"> 1. To assist in integrating integrity and ethical values into the company's business strategies, and to establish fraud prevention measures to ensure ethical management in accordance with laws and regulations. 2. To establish prevention programs against unethical behaviors, and to develop workplace-related standard operating procedures and behavioral guidelines within each program. 3. To plan internal organization, establishment and duties, and to put in place a mutual supervision mechanism for business activities with higher risk of unethical behaviors within the business 	No significant difference

Evaluation Items	Implementation			Differences from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for the differences
	Yes	No	Summary	
(III) Has the company established policies for preventing conflicts of interest, provided proper channels of representation, and implemented such policies?	V		<p>scope.</p> <p>4. To promote and coordinate for ethics policy training.</p> <p>5. To establish a whistle-blowing system and to ensure the effectiveness of enforcement.</p> <p>6. To assist the Board of Directors and management in reviewing and evaluating the effective operation of the preventive measures established for facilitating ethical management, and to evaluate compliance of the relevant business processes and report to the Board of Directors on a regular basis.</p> <p>(III) The Group's employment contract requires prior notification and recusal of any conflict of interest in business. In the event of any conflict of interest, the board members shall abstain from discussion and voting on all motions in accordance with the recusal principle.</p>	
(IV) Has the Company established effective accounting systems and internal control systems in order to facilitate ethical management, and has the internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans, and examine accordingly the compliance with the prevention programs or engage a certified public accountant to carry out the audit?	V		<p>(IV) The Group's accounting system was established in accordance with the Securities and Exchange Act, the Company Act, the Regulations Governing the Preparation of Financial Reports by Securities Issuers and other relevant laws and regulations, as well as the actual business condition of the Company; the internal control system was established with reference to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and other relevant regulations, and have been properly implemented. The auditing department also regularly reviews the compliance of the accounting system and internal control system and reports to the board of</p>	

Evaluation Items	Implementation			Differences from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and reasons for the differences
	Yes	No	Summary	
(V) Does the company regularly conduct internal and external education and training on ethical management?	V		directors. The CPAs also conduct audits on the internal audit and internal control system during the annual audit process. (V) Through departmental meetings and internal training opportunities, the Company promotes and makes clear to its employees its ethical management philosophy and standards.	
III. Operation of the company’s whistle-blowing system				
(I) Does the Company have a specific whistle-blowing and reward system, and has it established a channel to facilitate whistle-blowing and assigned suitable staff to handle the reported matters based on the subject of report?	V		(I) The Group has not yet established a specific whistle-blowing and reward system, but has set up an area on the Company's website for employees' opinions and reports, and has designated a unit to handle such reports.	No significant difference
(II) Does the Company have a standard operating procedure to investigated whistleblower cases, follow-up measures to be taken after the completion of the investigation, and a confidentiality mechanism?	V		(II) Confidentiality duty of the Group's works is stated in its non-disclosure agreement with employees.	
(III) Does the company take measures to protect whistleblowers from improper treatment as a result of whistleblowing?	V		(III) The Group protects whistleblowers from improper and unfair treatment on the basis of anonymity and confidentiality.	
IV. Enhanced information disclosure Does the company disclose the content and effectiveness of its ethical corporate management best practice principles on its website and on the Market Observation Post System?	V		The Group has established its ethical corporate management best practice principles and has disclosed the Company's profile, basic information and financial information on its website and the Market Observation Post System (MOPS). The Company discloses its information on the MOPS in a timely and open manner and conducts its business activities in a fair and	No significant difference

Evaluation Items	Implementation			Differences from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for the differences
	Yes	No	Summary	
			transparent manner.	
V. If the company has promulgated its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," describe how its operations differ from its principles: The Company has established its own ethical corporate management best practice principles and published them on the Company's website. The Company's practices do not differ from the principles.				
VI. Other important information for understanding the Company's ethical management: (e.g., the Company's review or amendments to its ethical corporate management best practice principles) (I) The Company has established internal audit and control systems, as well as various management measures as guidelines for its partners and customers to follow, demonstrating its determination to implement ethical management. (II) Every year, the Company arranges for its directors, supervisors and managers to participate in training related to ethical management and corporate governance. The conduct of directors, supervisors and managers in engaging in competitive business is submitted to the shareholders' meeting or the board of directors for approval in accordance with the laws.				

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

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

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

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

(X)Implementation of internal control system

1. Internal control statement

Teco Image Systems (TIS)
Internal Control System Statement

Dated March 16, 2022

The Company states the following with regard to its internal control system during fiscal year 2021, based on the findings of a self-evaluation:

- I. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objective s in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), reliability of financial reporting, and compliance with applicable laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
- III. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring. Each element further contains several items. Please refer to the Regulations for details.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company believes that as of December 31, 2021, its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, reliability of financial reporting, and compliance with applicable laws and regulations, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
- VI. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been passed by the Board of Directors Meeting of the Company held on March 16, 2022, where 0 of the 11 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Teco Image Systems (TIS)

Chairman: (signature)

President: (signature)

2. Retaining CPAs to conduct special audits of internal control systems: N/A.

(XI) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the prospectus publication date, the company shall disclose the penalty, the main shortcomings, and the condition of improvement:

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

1. Significant resolutions of shareholders' meetings and implementation status
Significant resolutions of the general shareholders' meeting held on July 19, 2021 and the status of implementation are as follows:

Important Resolution	Implementation Status
To admit 2020 business report and financial statements	Upon consultation by the chairman, all shareholders present did not raise any objection, and the resolution was duly admitted.
To admit 2020 earnings distribution	1. Upon consultation by the chairman, all shareholders present did not raise any objection, and the resolution was duly admitted. 2. Cash distribution of \$0.1 per share, ex-dividend date 08.30.2021, cash dividend to be distributed on 09.17.2021.
By-election of two seats for the ninth term of board of directors	Elected: Wang En-kuo and Chen Chien-lung, representative of Creative Sensor Inc.
To approve the amendment to the "Procedures for the Acquisition or Disposal of Assets"	The revised procedures have been followed and announced on August 6, 2021 on the Market Observation Post System.
To approve the release of directors from the non-compete restrictions	Announced on July 19, 2021 at the Market Observation Post System.

2. Significant resolutions of board meetings

Meeting Date	Term	Important Resolution
03.17.2021	9th term 6th meeting	1. To approve the Company's 2020 business report and financial statements. 2. To approve the Company's 2020 distribution of directors' and employees' remuneration. 3. To approve the Company's 2020 earnings distribution 4. To approve the proposal to convene the Company's 2021 General Meeting of Shareholders. 5. To approve the personnel change to the Company's senior executives.
04.16.2021	9th term 7th meeting	1. To approve the by-election of the ninth board of directors and to handle nomination of director candidates.
07.03.2021	9th term 10th meeting	1. To approve the postponed date and venue of the Company's 2021 General Meeting of Shareholders and related matters.
07.14.2021	9th term 11th meeting	1. To approve the establishment of a public review committee.

Meeting Date	Term	Important Resolution
07.19.2021	9th term 12th meeting	1. To approve the Audit Committee deliberation results on the tender offer for the Company's common shares by An Fu International Investment Co., Ltd.
07.28.2021	9th term 13th meeting	1. To approve the establishment of a public review committee.
08.06.2021	9th term 14th meeting	1. To approve the Audit Committee deliberation results on the tender offer for the Company's common shares by Koryo Electronics Co., Ltd. 2. To approve the convening of the Company's first extraordinary general meeting in 2021. 3. To elected Mr. Wang En-kuo as Vice Chairman.
08.26.2021	9th term 15th meeting	1. To approve the addition to reasons for convening the Company's first extraordinary general meeting in 2021. 2. To approve the personnel change to the Company's senior executives.
09.24.2021	10th term 1st meeting	1. To elect Mr. KO, IKUJIN as the Chairman of the 10th Board of Directors. 2. To appoint the 2nd Audit Committee.
11.08.2021	10th term 2nd meeting	1. To appoint the 5th Remuneration Committee.
01.05.2022	10th term 3rd meeting	1. To approve the personnel change to the Company's senior executives.
03.16.2022	10th term 4th meeting	1. To approve the Company's 2021 business report and financial statements. 2. To approve the Company's 2021 earnings distribution. 3. To approve the proposal to convene the Company's 2022 General Meeting of Shareholders.

(XIII) Main contents of directors' dissenting opinions on important resolutions that have been included in records or stated in writing during the most recent fiscal year and during the current fiscal year up to the prospectus publication date:

Meeting Date	Term	Main Content
08.06.2021	9th term 14th meeting	Proposal to convene the Company's 1st extraordinary general meeting in 2021 in order to advance the general election of directors
01.05.2022	10th term 3rd meeting	Personnel change to the Company's senior executives

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

Job Title	Name	Date of Onboarding	Date of Discharge	Reasons for Resignation or Discharge
President	KO, IKUJIN	10.04.2002	03.17.2021	Job adjustment
Senior Vice President	Lin Chun-lien	12.23.2019	01.15.2021	Resignation
Corporate Director	KROM ELECTRONICS	06.24.2020	03.18.2021	Transfer of more than one half of the company's shares being held by him/her at the time he/she was elected
Corporate Director	MULTILITE INTERNATIONAL CO., LTD.	06.24.2020	03.18.2021	Transfer of more than one half of the company's shares being held by him/her at the time he/she was elected
Finance Manager	Huang Hou-wei	04.20.2020	08.13.2021	Job adjustment
Finance Manager	Wang En-kuo	08.26.2021	01.05.2022	Job adjustment

V. Information Regarding the Company's Audit Fee

(I) Audit Fee

Unit: NT\$1,000

Accounting Firm	CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Note
PricewaterhouseCoopers Taiwan	Huang Shih-chun; Yeh Tsui-miao	2021.01.01 ~ 2021.12.31	4,125	834	4,959	Non-audit fees mainly comprised the fees for attesting the Company's tax compliance.

(II) Replacement of CPA: NA

(III) Where the Company's Chairman, General Manager, Or Any Managerial Officer In Charge Of Finance Or Accounting Matters Has In The Most Recent Year Held A Position At The Accounting Firm Of Its Certified Public Accountant Or At An Affiliated Enterprise Of Such Accounting Firm, The Name And Position Of The Person, And The Period During Which The Position Was Held, Shall Be Disclosed : NA

VI. Relationship among the Top Ten Shareholders

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

Job Title	Name	2021		As of March 31, 2022	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman of the Board of Directors / Chief Strategy Officer	KO, IKUJIN	0	0	0	0
Vice Chairman of the Board of Directors	Representative of Creative Sensor Inc.: Wang En-kuo	21,412,000	0	0	0
Shareholder holding more than 10% of the total number of outstanding shares issued by the company	Creative Sensor Inc.				
Director	Representative of Koryo Electronics Co., Ltd.: Chen Chien-lung	3,092,000	0	0	0
Director	Representative of Teco International Investment Co., Ltd.: Ho Chi-yin	0	0	0	0
Director	Representative of Kuang Yuan Co., Ltd.: Kao Tung-hai	0	(2,290,000)	0	0
Director	Chang Chung-te	0	0	0	0
Director	Fang Sung-jen (appointed 9/24/2021)	0	0	0	0
Independent Director	Yang Pei-chieh (appointed 9/24/2021)	0	0	0	0
Independent Director	Tan Yao-nan (appointed 9/24/2021)	0	0	0	0
Independent Director	Lu Wen-tsung (appointed 9/24/2021)	0	0	0	0
Independent Director	Hsu Wan-chi (appointed 9/24/2021)	0	0	0	0
President	Kanji Wada (appointed 3/17/2021)	0	0	0	0
Vice President	Li Li-chiu (appointed 7/30/2021) (Note)	45,134	0	0	0
Spokesperson Finance Manager	Chang Cheng-Cheng (appointed 1/5/2022)	0	0	0	0
Acting Spokesperson	Lai Chien-i	77,373	0	0	0
Accounting Director	Hsu Cheng-Chen	38,686	0	0	0
Director	Representative of Creative Sensor Inc.: Yang Chi-chang (Date of discharge: 9/24/2021)	21,412,000	0	0	0
Director	Representative of Multilite International Co., Ltd.: Lin Neng-pai (Date of Discharge: 3/18/2021)	(2,405,000)	0	0	0
Director	Representative of KROM ELECTRONICS CO., LTD.: Temporarily vacant (Date of Discharge: 3/18/2021)	(2,745,000)	0	0	0
Director	Kuo Jui-sung (Date of discharge: 9/24/2021)	0	0	0	0
Director	Wang Yao-ting (Date of discharge: 9/24/2021)	0	0	0	0
Director	Wu Tung-hsiung (Date of discharge: 9/24/2021)	0	0	0	0
Independent Director	Yu Tsu-kang (Date of discharge: 9/24/2021)	0	0	0	0
Independent Director	Chen Hsiang-chung (Date of discharge: 9/24/2021)	0	0	0	0

Job Title	Name	2021		As of March 31, 2022	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Independent Director	Chen Kuan-pai (Date of discharge: 9/24/2021)	0	0	0	0
Senior Vice President	Lin Chun-lien (Date of discharge: 1/15/2021)	0	0	0	0
Finance Director	Huang Hou-wei (Date of discharge: 8/13/2021)	0	0	0	0
Spokesperson	Tsai Hsiang-hui (Date of discharge: 2/25/2022)	77,373	0	0	0
Assistant Vice President	Pu Shun-ho (Date of discharge: 7/30/2021)	0	0	0	0
Interim Finance Manager	Wang En-kuo (Appointed 8/26/2021; Discharged 1/5/2022)	0	0	0	0

Note: Ms. Li Li-chiu had the signature authority of the Company on 07/30/2021 and was appointed as Vice President of Operations by the Board of Directors on 01/05/2022.

2. Information on transfer of equity interests by a director, managerial officer, or major shareholder, where the counterparty in any such transfer of equity interests is a related party: N/A
3. Information on pledge of equity interests by a director, managerial officer, or major shareholder, where the counterparty in any such pledge of equity interests is a related party: N/A

Relationship between TiS's top 10 shareholders

September 24, 2021

Name	Number of Shares Held by the person		Number of Shares Held by Spouse and Underaged Children		Total Number of Shares Held in Others' Names		The names and relationships of the top ten shareholders who are related to each other or who are spouses or related within the second degree of kinship.		Note
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relation	
Creative Sensor Inc. Representative: KO, IKUJIN	28,142,000	25.01%	-	-	-	-	Teco Capital Investment Co., Ltd.	Related within the second degree of kinship to the Company's Chairman	None
							Koryo Electronics Co., Ltd.	Koryo Electronics Co., Ltd. is a director of Creative Sensor Inc.	
							Teco International Investment Co., Ltd.	Related within the second degree of kinship to the Company's Chairman	
							Kuang Yuan Industrial Co., Ltd.	Guangyuan Industrial's director and supervisor are related within the second degree of kinship to the Chairman of Creative Sensor Inc.	
An Fu International Investment Co., Ltd. Representative: Kao Tung-hai	10,587,505	9.41%	-	-	-	-	Kuang Yuan Industrial Co., Ltd.	Director of the company	None
Tien Da Investment Co., Ltd. Representative: Yang Chien-kuo	10,335,477	9.18%	-	-	-	-	None	None	None
Teco Capital Investment Co., Ltd. Representative: Huang Mao-hsiung	8,196,501	7.28%	-	-	-	-	Creative Sensor Inc.	Related within the second degree of kinship to the Company's Chairman	None
							Teco International Investment Co., Ltd.	1. Same director. 2. Supervisor of the company	
Koryo Electronics Co., Ltd.	6,982,000	6.20%	-	-	-	-	Creative Sensor Inc.	Director of the company.	None
Teco International Investment Co., Ltd. Representative: Huang Mao-hsiung	6,377,052	5.67%	-	-	-	-	Creative Sensor Inc.	Related within the second degree of kinship to the Company's Chairman	None
							Teco Capital Investment Co., Ltd.	Same director.	
Kuang Yuan Industrial Co., Ltd. Representative: Lin Hsin-yi	4,771,631	4.24%	-	-	-	-	None	None	None

Name	Number of Shares Held by the person		Number of Shares Held by Spouse and Underaged Children		Total Number of Shares Held in Others' Names		The names and relationships of the top ten shareholders who are related to each other or who are spouses or related within the second degree of kinship.		Note
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relation	
Zong Sing Industries Inc. Representative: Li Li-sheng	3,281,000	2.92%	-	-	-	-	None	None	None
CTBC Bank as the Custodian of the Employee Stock Ownership Trust Account of Teco Image Systems	2,357,222	2.09%	-	-	-	-	None	None	None
Lee Mao-sheng	1,300,000	1.16%	-	-	-	-	None	None	None

Direct and indirect investments in affiliated companies

Combined Shareholding

Unit: Shares; %

Investee (Note 1)	Investment by the Company		Investment by Directors And Supervisors, Managerial Officers, And Any Companies Controlled Either Directly Or Indirectly By The Company		Combined Investment	
	Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding
Atlas Tech Investment Co., Ltd	6,248,313	100.00%	-	-	6,248,313	100.00%
All-In-One International Co., Ltd	2,410,000	100.00%	-	-	2,410,000	100.00%
Image Systems International Co., Ltd	4,812,423	100.00%	-	-	4,812,423	100.00%
Teco Image Systems (Suzhou) Co., Ltd. (Note 2)	-	-	Capital contribution certificate	100.00%	Capital contribution certificate	100.00%
Teco Image Systems (DongGuan) Co.,Ltd.	-	-	Capital contribution certificate	100.00%	Capital contribution certificate	100.00%
Teco Pro-Systems (JiangXi) Co., Ltd. (Note 3)	-	-	Capital contribution certificate	100.00%	Capital contribution certificate	100.00%

Note 1: The Company alone held more than 50% shares in each long-term equity investment (i.e. investees); as such, there was no occurrence that the Company jointly held a majority shares in an investee with the Company's directors, supervisors, managerial officers, or any entity directly or indirectly controlled by the Company.

Note 2: As per the resolution made at the Board of Directors meeting dated March 15, 2016, the Company ceased the operations of and liquidated Teco Image Systems (Suzhou) Co., Ltd, a wholly-owned subsidiary of All-In-One International Co., Ltd., the Company's wholly-owned subsidiary. As of the publication date of this annual report, the liquidation procedure was still underway.

Note 3: As per the resolution made at the Board of Directors meeting dated August 6, 2014, the Company ceased the operations of and liquidated Teco Pro-Systems (JiangXi) Co., Ltd., a wholly-owned subsidiary of Atlas Tech Investment Co., Ltd, the Company's wholly-owned subsidiary. As of the publication date of this annual report, the liquidation procedure was still underway.

Four. Capital Overview

I. Capital and Shares

(I) Source of Share Capital

1. Share capital constituents

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

Note

- (1) The Company's paid-in capital upon incorporation on September 8, 1997 was NT\$500 million.
- (2) Such capitalization of earnings in the amount of NT\$110 million was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-(89)-(1)-55001 and dated June 26, 2000.
- (3) Such capitalization of earnings (including employee bonuses) in the amount of NT\$11,600,000 was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-(90)-(1)-142099 and dated July 2, 2001.
- (4) Such capitalization of earnings (including employee bonuses) in the amount of NT\$71,450,000 was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-(91)-(1)-0910134643 and dated June 26, 2002.
- (5) Such capitalization of earnings (including employee bonuses) in the amount of NT\$83,161,000 was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-0920129341 and dated July 2, 2003.
- (6) Such capitalization of earnings (including employee bonuses) in the amount of NT\$85,630,540 was approved by the Securities and Futures Commission of the Ministry of Finance, as stated on the official letter titled SFC-09300126814 and dated June 16, 2004.
- (7) Such capitalization of earnings in the amount of NT\$96,775,010 was approved by the Financial Supervisory Commission of the Executive Yuan, as stated on the official letter titled FSC-0940130247 and dated July 26, 2005.
- (8) Such capital reduction in the amount of NT\$21,040,000 by means of retiring treasury stocks was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09401196470 and dated October 6, 2005.
- (9) Such capital reduction in the amount of NT\$6,050,000 by means of retiring treasury stocks was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09501087990 and dated May 12, 2006.
- (10) Such capitalization of earnings (including employee bonuses) in the amount of NT\$93,234,620 was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09501179570 and dated August 21, 2006.
- (11) Such capitalization of earnings (including employee bonuses) in the amount of NT\$85,630,540 was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09601192640 and dated August 10, 2007.
- (12) Such capitalization of earnings (including employee bonuses) in the amount of NT\$97,189,190 was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09701197410 and dated August 13, 2008.
- (13) Such capital reduction in the amount of NT\$114,240,000 by means of retiring treasury stocks was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-09801009710 and dated February 2, 2009.
- (14) Such capital increase in the amount of NT\$2,500,000,000 was approved by the Ministry of Economic Affairs, as stated on the official letter titled MOEA-0901130980 and dated July 24, 2020.

2. Share types

Unit: Share

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

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

(II) Shareholder Structure

September 24, 2021

Shareholder Structure	Government Agency	Financial Institution	Other Legal Person	Natural Person	Foreign Institution and Foreigner	Total
Quantity						
Number of Persons	1	2	238	23,443	43	23,727
Number of Shares Held	2	2,358,222	82,209,214	24,356,802	3,612,235	112,536,565
Shareholding	0.00%	2.10%	73.05%	21.64%	3.21%	100.00%

(III) Ownership Diffusion

Common Shares
at the Par Value of NT\$10

September 24, 2021

Shareholding Range	Number of Shareholders	Number of Shares Held	Shareholding Ratio (%)
1-999	20,434	316,867	0.28%
1,000-5,000	2,479	5,015,001	4.46%
5,001-10,000	398	3,161,405	2.81%
10,001-15,000	112	1,401,054	1.24%
15,001-20,000	88	1,607,770	1.43%
20,001-30,000	78	1,974,128	1.75%
30,001-40,000	29	1,042,096	0.93%
40,001-50,000	21	934,315	0.83%
50,001-100,000	42	3,117,145	2.77%
100,001-200,000	17	2,489,868	2.21%
200,001-400,000	9	2,217,174	1.97%
400,001-600,000	4	1,817,209	1.61%
600,001-800,000	3	1,919,000	1.71%
800,001-1000,000	2	1,923,000	1.71%
More than 1,000,000 Shares	11	83,600,533	74.29%
Total	23,727	112,536,565	100.00%

(IV) Major Shareholders List

Name of the Major Shareholder	Shares	Number of Shares Held	Shareholding
Creative Sensor Inc.		28,142,000	25.01%
Tysonics Corporation		10,587,505	9.41%
Tien Da Investment Co., Ltd.		10,335,477	9.18%
Teco International Investment CO., Ltd.		8,196,501	7.28%
Koryo Electronics Co., Ltd.		6,982,000	6.20%
TECO International Investment Co. Ltd.		6,377,052	5.67%
Kuang Yuan Co., Ltd.		4,771,631	4.24%
Zong Sing Industries Inc.		3,281,000	2.92%
CTBC Bank as the Custodian of the Employee Stock Ownership Trust Account of Teco Image Systems		2,357,222	2.09%
Lee Mao-sheng		1,300,000	1.16%

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

Unit: NTD: Shares

Item	Year		2020	2021	March 31, 2022 (Note 8)
	Market price per share (Note 1)	Highest		14.50	26.45
Lowest		11.45	10.90	14.35	
Average		12.43	16.14	15.22	
Net value per share (Note 2)	Before distribution		15.12	19.76	19.58
	After distribution		15.02	(Note 2)	(Note 2)
Earnings per share	Weighted average number of shares		112,536,565	101,420,880	79,128,565
	Earnings per share		0.01	0.51	
Dividends per share	Cash dividend		0.10	(Note 2)	-
	Stock grants	0	0	0	-
		0	0	0	-
	Dividends in arrears (Note 4)		0	0	-
Return on investment analysis	Price-to-earning ratio (Note 5)		1243	31.65	-
	Price-to-dividend ratio (Note 6)		124.3	(Note 2)	-
	Dividend yield (Note 7)		0.8%	(Note 2)	-

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

Note 1: Setting forth the highest and lowest market price per share of common stock for each fiscal year. And calculating each fiscal year's average market price based upon each fiscal year's actual transaction prices and volume.

Note 2: As of the prospectus publication date, the 2021 earnings distribution has not yet been resolved by the shareholders' meeting.

Note 3: In the event of a retroactive adjustment due to a stock grant, the earnings per share before and after the adjustment shall be shown.

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

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

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

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

Note 8: The net value per share and earnings per share shall be presented as of the most recent quarterly period audited (reviewed) by CPAs as of the prospectus publication date; the remaining items shall be presented for the current fiscal year up to the prospectus publication date.

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

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

The Company distributes earnings in accordance with the regulations stipulated in the Company Act and the Company's Articles of Incorporation. In other words, the Company will distribute earnings only after it has used the earnings at the fiscal year-end, if any, to pay taxes and duties, to offset previous deficits, to provide legal reserves according to law, and to provide or reverse special reserves as required by Article 41 of the Securities and Exchange Act.

In addition, in order to accommodate the Company's long-term financial planning to achieve sustainable and stable operations, the Company has formulated its dividend distribution policy, stated as follows:

(1) The criteria and time point for dividend distribution:

To prepare the Company for future expansion, the dividends, in addition to being distributed in the manner specified by law or on the Articles of Incorporation, shall be resolved by the Board of Directors, who shall consider the Company's profit position, current and future investment environment, operating needs, a sound financial structure, maintenance of a stable dividend distribution policy, as well as the following assessments:

- A. The effect of the intended stock dividend distribution on earnings per share at the financial forecast for the current year.
- B. The effect of stock dividend distribution in the past two years on earnings dilution and net income.
- C. The effect on the Company's earnings per share and returns on equity if earnings were distributed solely in cash and earnings or capital surplus were not capitalized.
- D. To properly compensate shareholders, the Board of Directors may propose to distribute bonuses in cash to shareholders, provided, however, that such distribution shall not be less than 50% of the remainder of the annual earnings net the mandatory provision of legal reserves and special reserves, and shall be resolved by the Annual General Meeting (AGM).

(2) The respective ratios of cash dividend distribution and stock dividend distribution shall be the following:

The Company will distribute earnings in a combination of stock dividends (including capitalization of earnings or capital surplus) and cash dividends, provided, however, that the cash dividends distributed shall not be less than 5% of total dividends distributed. When there is a proper investment plan that can increase the Company's profitability ratio, the Company will elect to distribute a lower percentage of cash dividends and a higher percentage of stock dividends by means of capitalization of earnings or capital surplus. When capital expansion would impact the profitability ratio, the Company will elect to distribute a higher percentage of cash dividends.

2. The drafted dividend distribution at the annual general meeting (AGM):

- (1) The current AGM intended to distribute earnings in the amount of NT\$46,139,992 (NT\$0.41 per share).
- (2) The dividend distribution complied with Article 27-1 of the Articles of Incorporation, which stipulates that cash dividends distributed for each year shall not be less than 5% of total dividends distributed for that given year.
- (3) If subsequently the Company purchases or retires the treasury shares and so results in changes in the number of outstanding shares, which in turn impacts the payout ratio or dividend rate, the Chairman of the Board of Directors may be authorized to make adjustments or modification.

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

(VIII) Remuneration to employees and Directors:

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

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

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

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

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

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

As per Article 27 of the Company's Articles of Incorporation, the Company intended to distribute NT\$4,409,650, or 7.00% of the distributable earnings, as employee compensation and NT\$2,330,815, or 3.70% of the distributable earnings, as directors' and supervisors' remuneration.

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

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

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

distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

The actual amount resolved on to be distributed at the AGM of 2021 was the same as the amount approved and proposed by the Board of Directors in 2020, which comprised employee compensation in the amount of NT\$300,952 and directors' and supervisors' remuneration in the amount of NT\$159,074.

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

II. Bonds: None.

III. Preferred Shares: None.

IV. Global Depositary Receipt: None.

V. Employee Stock Options And New Restricted Employee Shares: None.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

VII. Financing Plans and Implementation: None.

Five. Operation Highlights

I. Business Activities

(I) Scope of business:

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

Categories	Product	Usage	Weight in sales
MFP	The mid- and low-end multi-function laser plain paper printers, the mid- and high-end internet-based multi-function laser plain paper printers, and multi-function digital printers	Providing the office automation and highly efficient communication quality to modern enterprises	77.5%
MFP module	Scanner modules for MFPs, auto-feeders, fax kits, and modules of operating panels	Providing the OEM/ODM customers with the modular parts and components for MFPs.	9.0%
Others	Automatic laminators, color industrial label printers, industrial cutters, JVC product distributed as an agency, and others.	The label printer and cutting machine used for office or industrial purpose, and other innovative products for various purposes.	13.50%

2. Current products (services)

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

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

3. New products planned for development

- (1) Upgrade of multi-function peripheral (MFP) functions, and introduction of the controlling processors for new generation MFPs
- (2) Smart shelf hub module development
- (3) Second generation of color (UV) label printers
- (4) Wide format digital cutters
- (5) Applications of 3D printed flame-retarded materials

(II) Overview of the industry

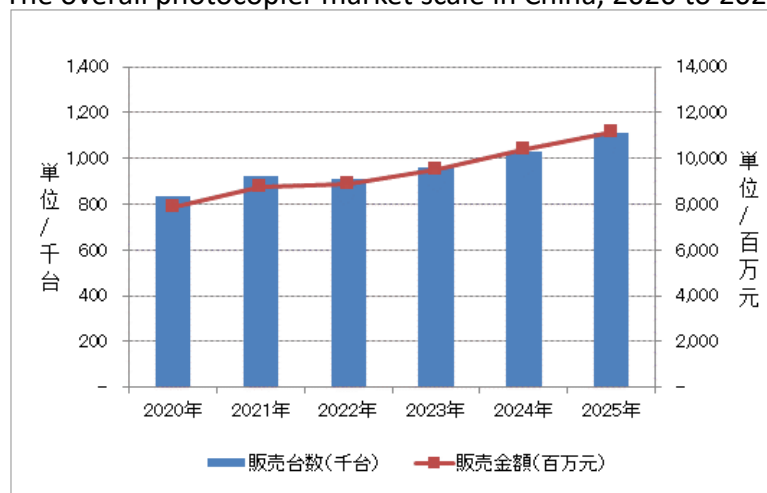
1. Current conditions and development of the industry

Current market conditions of MFP market in China

In the first half of 2021, China experienced a rapid economic growth, and the export volume expanded swiftly, so the photocopier market had good sales, too. Since July 2021, the economic development in China apparently slowed down, and the market forecasts for the futures were unclear, the sales in the photocopier market also declined gradually. Meanwhile, there was a shortage in the photocopier sector, which in turns affected the sales of photocopier. In 2021, every photocopier manufacturer experienced the product shortage, and thus the inventories in distributors were digested considerably.

In 2022, China's economy is expected to face the triple pressures: shrunken demands, impacts on supplies, and weakened expectation. China has been reducing the expenditures of central agencies, and the central and provincial fiscal supports to counties and cities are enhanced. To small-sized enterprises and group industrialists and businessman, the tax and levy deduction policy also increased the multitude of deduction, and expand the applicable extent. The construction projects of a batch of key construction, new-type infrastructure, and renovation of old public facilities have been commenced, for implementing the active fiscal policies. From March 2022, omicron variants spread in Shanghai, and many cities in China have been locked down, which greatly affected the economy. It is expected the overall sales volume of photocopier in 2022 will be a negative growth.

The overall photocopier market scale in China, 2020 to 2025 (source: Key Research 2022)



The observed outlooks of MFPs in Chinese market in 2022 are as following:

- (1) Since the latter half of 2021, the economic growth in China apparently slowed down. The GDP growth rate in Q1 2021 was +18.3%, Q2 was +7.9%, Q3 was 4.9%, and Q4 was +4.0%. In March 2022, omicron variants spread all over China, and many cities in China have been locked down. The logistic was interrupted, and the economy was hit, which impacted the SMEs considerably. It is expected sales volume of monochromatic photocopier in 2022 will be a negative growth.
- (2) Based on the 14th Five-Year Plan, the 2022 economic growth target was set at approximately 5.5%; however, with the Q1 growth expected to be lower than the target, the active fiscal policies are expected to be imposed.
- (3) Coming into 2022, Canon, Ricoh, and Konica Minolta have announced to adjust the delivery prices of products continuously. Particularly, the prices of low-end products increased, which is expected to affect the procurement of equipment in SMEs.
- (4) In the mid-2022, Southeast Asia, Vietnam, and India started to leave the shadow of pandemic behind with recoveries. It is expected the industrial chains for photocopier production will be

resumed gradually. However, due to factors including lockdown, the overseas order have been shifted to the factories in Southeast Asia, which in turns will affect the manufacturers and export trading in China.

- (5) With the prolonged pandemic, Chinese government has to spend a considerable portion of its budget to fight the pandemic. In 2022, the budgets related to equipment for the offices in the central agencies have been reduced further clearly.
- (6) China has a gigantic market, as well as regional deviations. Currently there are 146 million entities participate in the Chinese market. Of which, the industries and businesses with certain scales are 400,000, SMEs are 40 million, with 100 million individual industrialists and businessman. The advanced business is only minimal, with many corporates still work in the conventional ways. The output equipment, as an essential machine to run business, will exist for a long time.
- (7) Continuous expansion of photocopier leasing
The pandemic resulted in the adoption of leasing photocopier among general businesses. The output for shared offices and public fields are basically in the way of leasing. This trend is expected to continue. (source: Key Research 2022)

Global wide format printer market:

The wide format printers are controlled by a computer, and the printable width from 18 inches to 100 inches, on scrolls or single piece of paper. The major applications include the banners, posters, drawing and packaging for vehicles, architecture drawings, images for trade shows and murals. As a powerful tool for communication and marketing, these printers are very popular among conventions, trade shows, public events, and art exhibitions.

More and more wide format printers apply the UV solidifying inks to print solid images on various substrates (including foam boards, glasses, wood, and cardboard). By adding large-sized color touch panels, it is helpful for employees to understand and operate if their visions are poor, or in a workplace where printing technologies and knowhow is lack of. The printed works from the wide format printers must be weather-proof without fading. Furthermore, in the commercial printing applications, the digital file generation becomes more important, with many options of prices and modes, and higher requirements for printing by CAD, also increase the demand for wide format printers. It is forecasted that from 2022 to 2028, the home decoration and vehicle packaging applications will bring the opportunities for development and profit.

However, the expensive early investment and operating costs, as well as the penetrating digital advertising media, may be the headwinds to the growth of the wide format printer market. (Source: Data Bridge 2022).

Global industrial 3D printing market

The 3D printing technology may be traced back to as early as 1976, when the inkjet printer was invented. Since 80s of the 20th Century, the 3D printing has been widely monitored both domestically and internationally. Various 3D printing technologies have been also applied and developed in many industries. Currently, it covers manufacturing, medical, education, aero and space, and military. The global 3D digitization and 3D printing technologies are still in the early stage of growth.

In 2021, there were 228 manufacturers of industrial 3D printing systems worldwide; among them, 37 manufacturers sole over 100 3D printing related machines. 47 of them are in the U.S., 27 in Germany, and 25 in China.

In 2020, the explosion of COVID-19 pandemic around the world resulted in the shortages of medical protective equipment in every country, and 3D printing played the role of relief pitcher. The creativity teams in the U.S. and UK, influencers, and university institutions applied the 3D printing mechanism to make pandemic-containment equipment such as masks, medical masks, and goggles, to relief the shortage of medical protective devices. The pandemic impacted the global supply chains severely, with suspension of various factories. The sales and logistic channel at every level were affected simultaneously, and many products had shortages of parts. The 3D

printing, however, featured with speed, small batches, no mold required, and flexible manufacturing, avoid these supply chain breakpoints, and opened up a new path to solve the supply issue. Based on the data of the largest B2C cross-border e-commerce platform in China, AliExpress, during the pandemic period, the domestically made 3D printers in China enjoyed a hot sale, with the sales amount doubled on that platform, comparing to 2019.

The Wohlers Report 2021 pointed out that in 2020, the scale of global 3D printing market was US\$12.758 billion, a 7.5 growth from 2019, but lower than the previous growth rate of 21.2%. Many companies were affected by the pandemic in the world; lay-off and expenditure cut become very common. The most typical examples are the two giants in the industry, Stratasys and 3D Systems. In 2020, the two companies weighted 8.5% in the whole industry; but their weight in 2019 and 2018 were 10.7% and 13.8%, respectively, demonstrating a downward trend year by year, which also means that other device makers in the industry are emerging.

2015-2020年全球3D打印产业规模趋势图(单位: 亿美元, %)



资料来源: Wohlers Associates 前瞻产业研究院整理

©前瞻经济学人APP

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

Fig. 1: Composition of MFPs

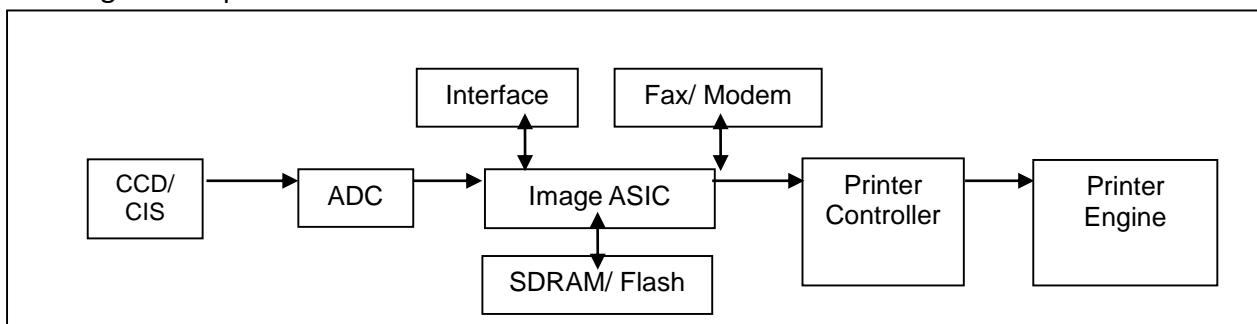


Fig. 2: Composition of wide format printers

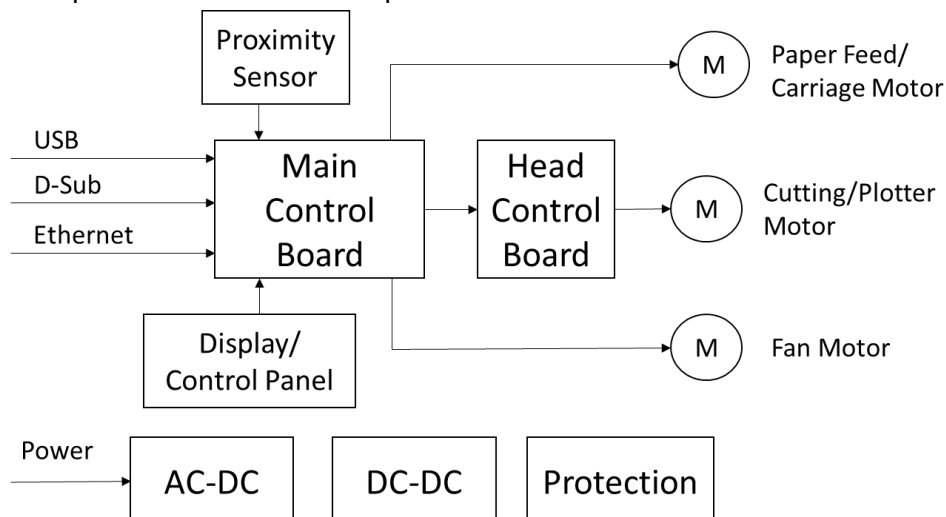
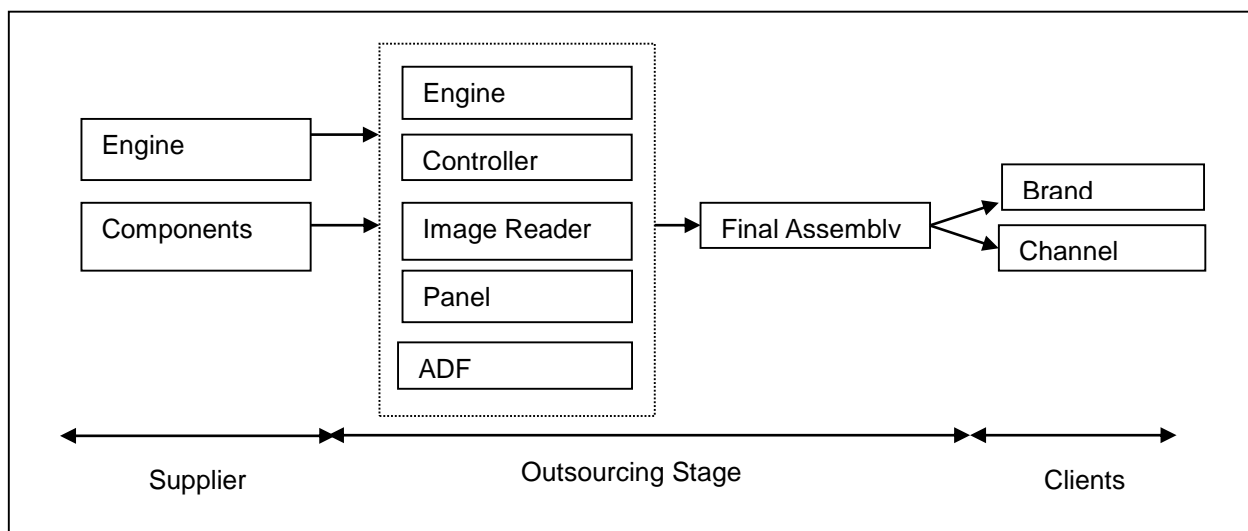


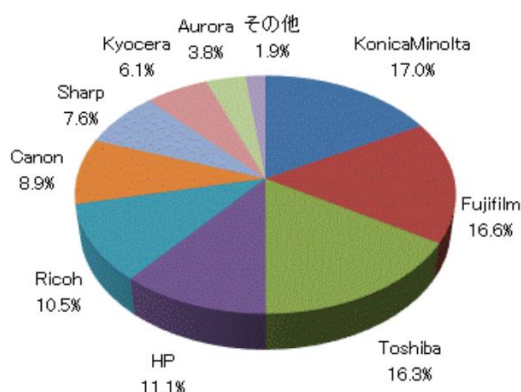
Fig. 3: Industrial links among major products.



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

For MFP, the reasons for the expected growth from 2022 to 2025 in China include:

- (1) As the Chinese government and SOE users expand the application of the domestically produced OS in the computers, the update demands for peripherals are generated.
- (2) Since 2021, China plan to incubate the SMEs for 1,000 “Single Manufacturing Champion Enterprises,” and 10,000 “Little Giant Enterprises that are professional, refined, with features and innovation” within a three to five year time frame, to promote the innovation and digital transformation of SMEs, and provide the incentive funds for more than CNY 10 billion.
- (3) The digitization of value-added tax receipt and the promotion of digital contract, generate the demand to reconcile the online digital information and offline hardcopies. The major manufacturers, such Fujifilm and Canon launched series of file solutions as the pioneer, to help enterprises to change the way of working, optimize the business process, improve productivity, enhance safety, and accelerate the digital transformation.
- (4) Chinese government released the action declaration for achieving carbon peak and neutrality by 2030. The demands for automated production and office digitization will increase, mobile operation, remote working systems, and cloud-based technologies will be adopted more and more. The design of photocopier shall be more eco-friendly, convenient to use, and more capable to process information.



Market share of A3 MPFs in China by brand, 2021 (units sold)
(source: Key Research 2021)

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

- (1) UV inkjet: comparing to the conventional gel printing, it features bright colors, various substrates for printing, and quick-dry. The applications expand gradually from outdoor

advertisement, home decoration, label printing, textile prints, and glass decorations.

- (2) Printing technology saving inks, and the green toxic-free eco ink materials.
- (3) Access to the wireless network to print from the cloud.
- (4) Continual optimization of image design software, and continual simplification of operation interfaces of machines.

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

(III) Technologies and the research and development work

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

(IV) Long and Short-Term Business Development Plans

1. Short-term business development plans

To establish new controller platforms. In addition to the existing A3 Mono Segment1 and Segment2 models for Japanese customers with upgraded network features and integrated mobile device printing, TIS will continue to develop cooperation with other major manufacturers for A3 assembly and Color products. TIS will continue reducing the cost with VA-VE, and developing wireless support such as Wi-Fi and BLE, and mobile scanning and printing functions, and supporting the OS system in China to ensure the company's competitive position in MFPs.

2. Long-term business development plans

Despite the continued impact of the COVID-19 pandemic and the uncertainty of the subsequent economy, TIS still continues to invest in and cultivate for the long-term future:

- (1) 3D printing applications: Integration into future productions
 - A. The color label printer developed with 3D printing technology has entered mass production, and TIS has been in the initial stage of developing new nozzle applications to discuss with clients about the next generation model with 30% weight reduction and 30% cost reduction.
 - B. Expanding 3D printing applications: TIS will invest in products including industrial wide format printers, automated factory jaws, modules for drones and their related accessories, as well as development of fireproof/waterproof materials. By adopting integrated design, reducing the number of parts and weight, lowering assembly man-hours and production costs, and improving product performance, TIS strives to strengthen its competitiveness in design and manufacturing with 3D printing applications.
- (2) Product diversification: Expand the production and development of label printers, industrial cutters, wide format printers and drones
 - A. The label printer that TIS produces for a well-known Taiwanese brand and the industrial color labeling machine designed by a major German industrial machine company entered mass production in 2021. Meanwhile, TIS has invested in the development of key technologies such as controllers, firmware, software and UV inkjets. The second generation of color labeling machine is planned to be developed in 2022 and mass produced in Q2 2023. It is expected to bring customers a 30% cost reduction, a 30% weight reduction, and improved product performance.
 - B. The industrial cutting machines for which TIS is contracted as an OEM by a major Japanese wide format printer and cutting machine company will be mass produced in October 2021 at Guanyin plant. In 2022, both parties began discussing about a low-end cutter to be designed and produced by TIS, with the target of mass production in Q1 2023.
 - C. The drone adopts a 3DP lightweight design. TIS has completed the assembly and test flight of the training prototype with a takeoff weight of 7kg, and has started the

development of a drone with a takeoff weight of 24.9kg (maximum load of 5kg), which will be suitable for cargo transportation and high-end detection applications. Knowledge in technologies such as drones will not only bring opportunities for OEM production, but also, combining 3DP technology to integrate systems such as electronic modules, firmware engineering, and software ground monitoring, will help TIS diversify its competitiveness and profit model in the area.

II. Market and Sales Overview

(1) Market analysis

1. Main regions for product sales

Unit: NT\$ 1,000

Region \ Amount	2019		2020		2021	
	Sales	%	Sales	%	Sales	%
Asia	1,639,052	92.62	1,221,024	95.58	1,679,325	94.80
The Americas	0	0	31,344	2.45	8,264	0.47
Europe	106,371	6.01	22,702	1.78	73,832	4.17
Oceania	0	0	2,476	0.19	9,952	0.56
Others (including Africa)	24,237	1.37	0	0	0	0
Total	1,769,660	100	1,277,546	100	1,771,373	100

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

Changes in the macroeconomic environment in 2022 still require active attention and prudent response. TIS has continued to provide suppliers with long-term purchase orders of over one year and diversifying the distribution; meanwhile, the Company has begun to search and verify the quality of substitute materials for the upcoming shortage and EOL materials, in order to reduce the risk of material shortage. To ease the impact of material shortage, TIS has also been purchasing components whose projected shortage will affect production from the spot market in big volume.

The transition to smart manufacturing has strengthened Taiwan's competitiveness. Driven by the pandemic, the demand for remote operations and automation has continued to increase in recent years, which has not only accelerated the progress of global companies' digital transformation but also created huge opportunities in the market. The changes in the post-pandemic era, the China-US trade war and the target of carbon neutrality by 2050 have also prompted us to make a change. With smart manufacturing adopted throughout the entire process, we will integrate the software and hardware equipment and systems required for manufacturing and application, and improve the processes as well as enhance and upgrade our product quality.

3. Competitive niche

With the development experiences and skills accumulated over the years, TIS has established a wide range of advanced technologies, including electronics, software, mechanical designs, optics, communications, network and hand-held device software. Through years of partnerships with major Japanese MFP manufacturers, we have also established excellent product certification, production management and quality management capabilities. With such diverse technologies and the management platform, we can step into industries other than MFP to diversify our product designs and production technologies, thereby leading to innovation and outstanding performance. Meanwhile, centering on the core technology of MFP, we actively research various new concepts,

strive for more 3D printing production projects, tap into the technological advantages of 3D printing to reduce the number of parts used, and improve product performance, while lowering the minimum order quantity requirements and shortening the development cycle, to enhance product competitiveness.

4. Favorable and unfavorable factors of development and countermeasures

Favorable factors

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

Unfavorable factors

- (1) Shortage of materials, port congestion and the pandemic were the common problems faced by the industry in 2021. Changes in the macroeconomic environment in 2022 still require active attention and prudent response. The shortage of IC components will remain a major shipment constraint in 2022. As the inventories gradually reach a certain level, our focus will switch to the potential impact of long-term and short-term materials. Therefore, our material preparation strategy will also shift from strategic preparation to accurate and complete preparation.
- (2) The shortage of supply by various photocopier manufacturers in China is further exacerbated. In 2021, the market size of monochrome and color photocopiers in China decreased by 4.6% on a year-on-year basis. However, due to the increase in sales prices caused by the shortage of photocopiers, the sales in 2021 increased by 2.0%.

(2) Important functions and production processes of main products

1. Important functions of the main products

(1) Plain Paper Fax Machine

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

(2) Multi-function Peripheral (MFP)

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

(3) Image scanners/modules

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

(4) Fax controllers/modules

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

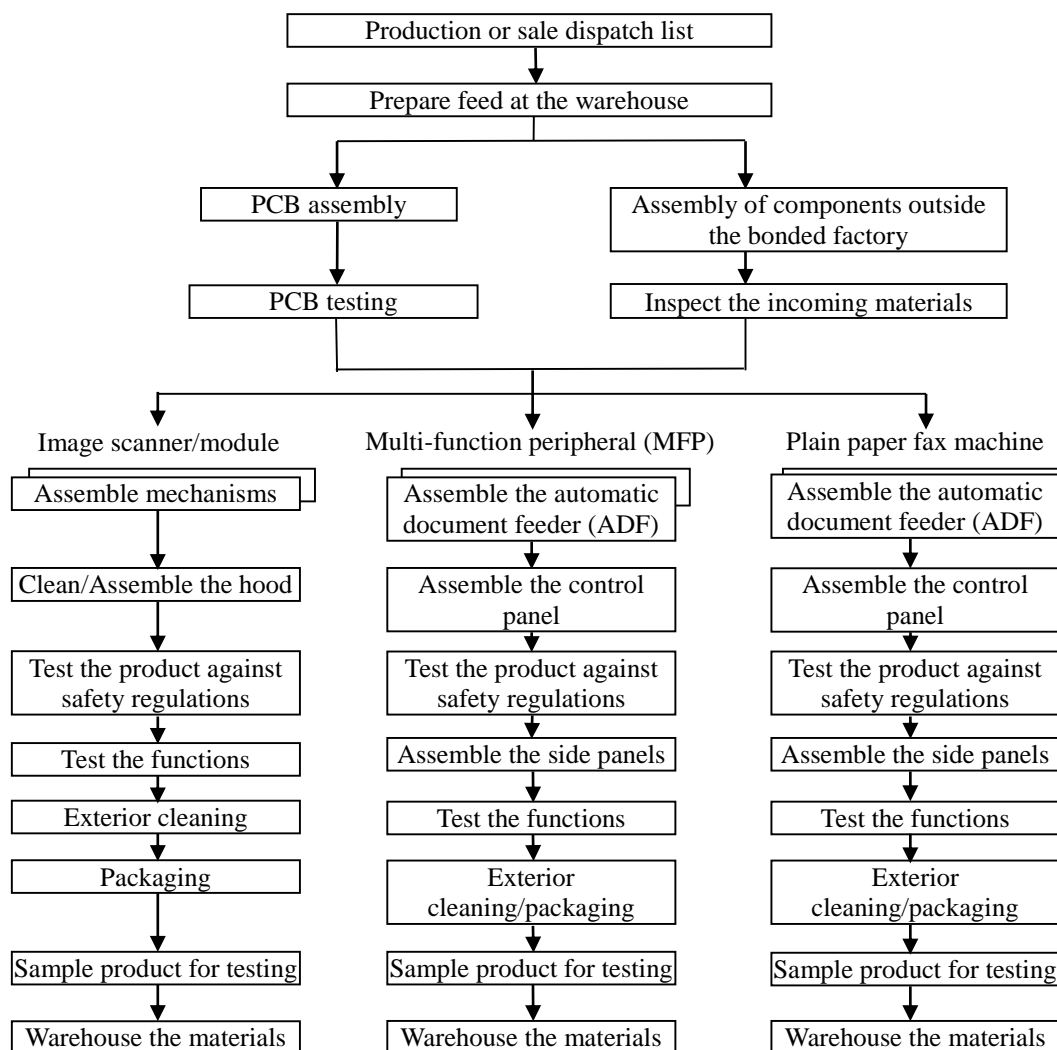
(5) 3D printing-related products

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

(6) Industrial Printer

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

2. Manufacturing processes of the main products



(III) Supply of major raw materials

Plastics: Due to the increase in crude oil price from US54/barrel to US77/barrel in 2021 and the raw material shortage in the market, PC/ABS increased by 38% (US2.95/Kg to US4.06/Kg) and PC increased by 25% (US4.75/Kg to US5.95/Kg), which led to an increase in the overall purchase price of plastic parts by 6.86%.

Steel: China's power shortage led to a 51% increase in the unit price of SECC steel sheet (US0.89/Kg rose to US1.35/Kg), and the cost of electroplating increased by 25%, resulting in an overall purchase price increase of sheet metal parts by 6.61%. The raw material cost of stainless steel plate increased by 30.7% (US22.5/Kg to US29.4/Kg), which led to an increase in the purchase price of integral shaft parts and springs by 7.98%.

Styrofoam and packaging materials: Due to the increase of crude oil price, the price of EPE increased from US1,351/ton to US1,500/ton, an increase of 11%, which raised the overall purchase price of polyamide packaging materials by 4.79%.

Copper: From USD7,800/ton in January 2021 to USD9,700/ton in December 2021, an increase of 24%, leading to an increase in wire and PCB purchase price.

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

1. Major suppliers in the past two years :

Unit: NT\$1,000

Item	2020			2021				
	Name	Amount	As A Percentage of the Annual Purchase (%)	Item	Name	Amount	As A Percentage of the Annual Purchase (%)	Item
1	K	161,890	17.00%	None	K	244,140	16.96%	None
2	Others	790,178	83.00%	None	Others	1,195,376	83.04%	None
	Net purchase amount	952,068	100.00%		Net purchase amount	1,439,516	100.00%	

Reason for changes: The Company's purchase of materials such as IU/PH from company K increased due to the increase in the Company's sale of MFP systems to client X in 2021.

2. Major clients in the most recent two years:

Unit: NT\$1,000

Item	2020				2021			
	Name	Amount	As A Percentage of the Annual Sales (%)	Relationship with the Issuer	Name	Amount	As A Percentage of the Annual Sales (%)	Relationship with the Issuer
1	X	1,064,841	83.35%	None	X	1,450,519	81.89%	None
2	Z	104,218	8.16%	None	Z	126,929	7.17%	None
3	A	16,202	1.27%	None	A	25,405	1.43%	None
	Net purchase amount	1,277,546	100.00%	None	Net purchase amount	1,771,373	100.00%	None

Reason for the increase/decrease: Due to an upturn in the China market, Client A's major sales market, Client A's operating revenue soared as compared with the same period of the preceding year.

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

Unit: NT\$1,000

Production Volume and Value Major Products (Or Category of Products)	Year	2020			2021		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Multi-function Peripheral (MFP)		694,002	631,070	1,040,716	1,050,306	925,768	1,479,880
Others		149,286	135,749	84,198	310,769	273,920	188,696
Total		843,288	766,819	1,124,914	1,361,075	1,199,688	1,668,576

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

Unit: NT\$1,000

Sales Volume and Value Major Products	Year	2020				2021			
		Domestic Sales		Exports		Domestic Sales		Exports	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Multi-function Peripheral (MFP)		-	-	273,735	1,025,426	6,000	17,816	497,767	1,596,975
Others		52,065	23,357	101,106	228,763	241,278	49,767	117,894	106,815
Total		52,065	23,357	374,841	1,254,189	247,278	67,583	615,661	1,703,790

III. Human Resources

Year		2020	2021	As of March 31, 2022
Number of Employees	Indirect Labor	200	193	184
	Direct Labor	210	225	260
	Total	410	418	444
Average Age		37	38.5	38.5
Average Seniority		7	5 years and 9 months	5 years and 6 months
Education background distribution	Ph.D.	0%	0%	0%
	Master's	9%	8.61%	7.33%
	University or college	26%	25.12%	22.14%
	High school	12%	15.31%	14.38%
	Below high school	53%	50.96%	56.15%

IV. Environmental Protection Expenditure

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

	<u>2020</u>	<u>2021</u>
1. Pollution status (type, degree)	None	None
2. Object of compensation or authority taking disciplinary actions	None	None
3. Amount of compensation or circumstances of disciplinary actions	None	None
4. Other losses	None	None

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

1. Business waste treatment:

(1) General business waste:

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

(2) Hazardous business waste:

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

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

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

(III) Environmental Protection Investment Results

1. The Company actively engages in energy saving and carbon reduction, recycling and reusing to meet regulatory requirements.
2. The Company rigorously manages the pollutant emission inside and outside the factory, and conducts regular monitoring and tests to avoid protests and intangible losses to the company's image.
3. The Company recycles recyclable and reusable resources from business waste, thereby reducing the cost of waste disposal.
4. The Company has added greenery to the working environment, improved the quality of the working environment, and strengthened industrial safety management in order to avoid industrial and occupational accidents.
5. The Company strictly requires its upstream and downstream suppliers to cooperate with its environmental policy and the RoHS Directive, and urges them to reduce the negative effects on the environment during the process of raw materials, packaging and transportation in order to achieve environmental protection and comply with regulatory requirements.
6. The Company proactively learns about international trends of environmental protection, engages in research and development, improves its processes, and produces products that meet international regulatory requirements.

(IV) 2021 Environmental Protection Plans

1. Recurring expenses for a variety of environmental inspections (operational environmental monitoring, drinking water quality testing, etc.).

2. Costs of safety, sanitation and environmental protection equipment inside and outside the plant, purchase of additional fire-fighting equipment, and building safety inspection expenses (fire-fighting facilities, fire extinguishers, smoke detectors, heat detectors, escape instructions, protective equipment, etc.).
 3. Training expenses for environmental management personnel (environmental safety and health, internal auditing, emergency response, special operation control, fire prevention manager, first aid personnel, environmental management license, etc.).
 4. Internal environmental education and training courses for the employees and external communications with the Company's neighbors and third-party companies (environmental safety and health, fire prevention coordination, fire drills, plant inspections, etc.).
 5. Environmental improvement expenses, energy-saving lamp installation, etc.
- Expenses related to the above items amounted to NT\$620,000.

(V) Work environment and employee safety protection measures:

1. Safety and health management:
In accordance with the "Occupational Safety and Health Management Regulations," a dedicated management unit has been established. The Company also prepares the "Occupational Safety and Health Management Plan," regularly conducting safety, health and environmental protection work to maintain the safety of equipment and personnel.
2. Emergency response drills:
In accordance with the Fire Services Act, the Company has established a comprehensive fire-extinguishing system. The Company conducts regular maintenance, inspection, and disaster emergency response training and drills, and submits building and fire services reports to ensure safety in the working environment.
3. Environmental inspections:
The Company implements quarterly inspections of drinking water quality, semi-annual inspections of the working environment, and annual disinfection of the working environment, to ensure a hygienic working environment.
4. Work safety management:
In accordance with the Occupational Safety and Health Act, the Company has established the "Safety and Health Code of Practice" to ensure employees' personal safety, reduce the occurrence of accidents and safeguard the Company's human assets.
5. Health care:
In accordance with the "Labor Health Protection Rules," the Company provides its employees with annual health checkups that are better than those required by law, in order to encourage self-health management.
6. Training and education:
Regular annual occupational safety and health training, as well as publication of safety and health leaflets, to enhance employees' knowledge and reduce occupational injuries.

(VI) The Company's direct and indirect greenhouse gas emissions (specifying the scope and time of inventory), and status of external verification:

Being in a non-energy-intensive industry, Teco Image Systems is not yet subject to climate change related regulations. However, as a global citizen, the Company pays close attention to international regulatory development and changes, committed to reducing the Company's impact on the environment. The Company regularly reports and discusses greenhouse gas emissions from its operations in its internal meetings, and will evaluate getting external verification of greenhouse gas emissions in the future.

1. Environmental Management Targets and Measures
 - (1) Environmental Management Targets:
To combat climate change, the Company has been continuously promoting office

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

(2) Environmental Management Measures

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

(3) Environmental Management Results

1. Rearranged office areas to reduce 10% of vacant areas and air conditioning and lighting usage.
2. Replaced 6 sets of wind screens of air conditioning cooling towers.
3. Cleaned the air conditioning cooling towers and removing algae with medicine 36 times.
4. Cleaned 15 air-conditioning units.
5. Cleaned air-conditioning unit filters 90 times.
6. Replaced 12 old and unserviceable air conditioners.

2. Energy Saving and Carbon Reduction Targets and Measures

(1) 2021 Energy Saving Targets

In accordance with ISO 14064, the main source of greenhouse gas emissions is the use of electricity, and the Company reduces carbon emission by saving energy, continuing promoting energy management and actively facilitating energy-saving projects. With 2021 as the base year, the target is to achieve a 3.5% reduction in electricity consumption by 2024.

Year	Electricity consumption (kWh)
2020	1,116,994
2021	1,369,925

(2) 2021 Carbon Reduction Targets

Since the impact of climate change is one of the common environmental issues around the world, it is the responsibility of all countries to mitigate the greenhouse effect. In accordance with ISO 14064, the Company sets annual carbon reduction targets and continues promoting emission reductions. With 2021 as the base year, the target is to achieve a 10-ton reduction in carbon emissions by 2024.

(3) Energy Saving and Carbon Reduction Measures

- A. Promoting energy saving measures and concepts of energy saving and carbon reduction in plants and offices
 - Factory lighting replaced with LED fixtures and power saving bulbs
 - Turning off lights during lunch break, after work and when people leave
 - Adjusting illumination level to reduce the amount of lamps used
- B. Air conditioning performance improvement
 - Cooling towers shall be regularly dosed to reduce algae breeding and prevent

- lowered water cooling efficiency
 - Regularly cleaning air conditioner filters and air conditioner unit pipelines
 - Replacing old split-type air conditioners with energy saving air conditioners
 - Enabling automatic switch-on/off mechanism to avoid wasting power in idling
- (4) Energy saving and carbon reduction results and future management targets
In 2021, due to the establishment of new manufacturing plants, greenhouse gas emissions increased by 126.97 metric tons CO₂e compared to 2020. In the future, the Company will continue to implement electricity, temperature control, and air conditioning management to improve its efficiency of electricity consumption and achieve carbon reduction targets through energy control measures.

V. Labor Relations

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

1. The Company's employee benefits, education, training, retirement systems and their implementation, labor agreements and measures to protect the rights and interests of employees:
 1. Employee benefits and implementation:
 - (1) The Company's employees are covered by labor insurance, national health insurance and employee group insurance from onboarding day.
 - (2) The Company has established an Employee Benefits Committee, which coordinates the implementation of all benefit policies.
 - (3) Currently, all leave, working hours and other labor conditions are handled in accordance with the Labor Standards Act; the Company adopts flexible working hours and five-day work weeks.
 - (4) Current employee benefits:
 - A. comprehensive system of labor insurance, national health insurance, and employee group insurance.
 - B. Flexible working hours and five-day work weeks.
 - C. Diversified employee training and education.
 - D. Free shuttle buses and parking for employees.
 - E. Well-equipped staff dormitory.
 - F. Free lunch at the staff's restaurant.
 - G. Domestic and overseas trips and recreational activities for employees.
 - H. Holiday gifts.
 - I. Birthday gifts for employees.
 - J. Year-end dinners and lucky draws for employees.
 - K. Employees and children education grants
 - L. Subsidies for weddings and funerals provided by the Company and the Employee Benefits Committee.
 2. Employee education and training and its Implementation
 - (1) Employee education and training is implemented in accordance with the Company's training-related policies such as "Human Resources Management Procedures" and "Education and Training Management Procedures." The Company actively provides its employees with various learning and development opportunities to cultivate outstanding talents with global perspectives and active learning.
 - (2) Education and training hours in 2021: 28 participants attended external training, with an average of 8 hours of training per person.
 3. Retirement system and implementation:
 - (1) The Company's employees' retirement system and methods are governed by the Labor Standards Act and the Labor Pension Act.
 - (2) The Company has established the Labor Retirement Reserve Fund Supervisory Committee to oversee the implementation of the retirement system.

- (3) In accordance with R.O.C. SFAS No. 18, the Company engages an actuary to evaluate and calculate the labor retirement reserve fund and submit an actuarial valuation report. Effective July 1, 2005, the Company makes monthly contributions of 6% of employees' wages to employees' individual pension accounts in accordance with the Labor Pension Act.
4. Agreements between labor and management and measures to protect employees' rights and interests:

The Company has always adhered to the management style of autonomy and full participation of all employees. Through regular meetings, education and training, and effective communication between each department head and his or her staff, labor relations are harmonious in the Company.
5. Employees' code of conduct or ethics:

In order to maintain the order of employment in the workplace and to clearly regulate the rights and obligations of employers and employees, the Company has established the "Work Rules" in accordance with the law, which are publicly disclosed upon approval by the competent authorities. In addition, the Company enters into an "Employment Agreement" with its employees, so that the Company follows certain standards when managing its employees; the main contents in the Agreement include:

 - (1) Service standards.
 - (2) Trade secrets.
 - (3) Intellectual property rights.
 - (4) Non-compete.
6. Internal procedures for handling material information:

In order to establish a good internal mechanism for handling and disclosing material information, to avoid improper disclosure of information, and to ensure the consistency and correctness of information published by the Company to the public, the Company has added "insider trading prevention" to its internal control system, which was approved by the Board of Directors on December 21, 2009 and revised and approved by the Board of Directors on March 17, 2014, and informed all employees and managers.
2. During the most recent fiscal year and during the current fiscal year up to the prospectus publication date, the losses suffered by the Company as a result of labor dispute, and disclosure of the estimated amount that may occur now and in the future and response measures. If the amount cannot be reasonably estimated, elaborate on the reasons why it cannot be reasonably estimated with facts: N/A

VI. Information Security Management

(I) Information security risk management framework

1. Organization

- (1) The Company's information security unit is the Information Engineering Division, which has information manager and professional information personnel responsible for setting internal information security policies, planning and implementing information security operating procedures, and promoting and implementing information security policies.
- (2) The Company's Audit Office is the supervisory unit for information security. The Audit Office has an audit manager and full-time auditors who are responsible for supervising the implementation of internal information security; if deficiencies are found, the audited unit is immediately requested to propose specific improvement measures, and the Audit Office tracks the effectiveness of the improvements to reduce internal information security risks. The audit results are reported to the Board of Directors on an annual basis.
- (3) Organization operation: The Information Division formulates the Company's information security policies and operating procedures; departments within the Company implement and promote information security policies and procedures as well as personnel education and training to facilitate the implementation of information security policies; the Audit Office conducts information security risk audits; if deficiencies are found, the audited unit

is immediately requested to propose specific improvement measures, and the Audit Office tracks the effectiveness of the improvements.

2. Risk Management for Information Security:
Management of data centers, computer information security, network security, mail security, information system control access, etc.

(II) Information Security Policy

1. Information Security Targets:
To establish a secure and reliable computerized operating environment to ensure the security of the Company's data, systems, equipment and network to protect the interests of the Company and the sustainable operation of each unit's information system.
2. Scope of Information Security:
 - (1) Staff management and information security training.
 - (2) Computer system security management.
 - (3) Network security management.
 - (4) System access control.
 - (5) System development, maintenance and security management.
 - (6) Information asset security management.
 - (7) Physical and environmental safety management.
 - (8) Information security audits.
3. Rules to be followed by the employees:
 - (1) In order to maintain data integrity, computer data and equipment shall not be arbitrarily destroyed, taken out, lent, or improperly modified.
 - (2) Non-copyrighted software is prohibited.
 - (3) It is prohibited to use of the Company's network with external information and communication devices, and the Company does not provide network connection services when external personnel visit the company, so as to prevent the intrusion of viruses and prevent computers installed with unauthorized software from connecting to the company's network.
 - (4) After connecting to the host, one shall exit the system when the work is finished or when the machine won't be used for a long time, in order to avoid confidential data leakage, damage or crash.
 - (5) The information unit shall measure the relevance of the data for appropriate disposal when an employee resigns or when a job is handed over.

(III) Management measures

1. Infrastructure (electrical services, air conditioning services, network and telecommunications services, fire protection, environmental control)
 - (1) Power systems: equipped with UPS system and diesel generator. In the event of circuit abnormality, the UPS system immediately supplies power, and the diesel generator starts within 60 seconds and continuously supplies power for 24 hours.
 - (2) Air conditioning systems: Equipped with four invisible hanging air conditioners. When the temperature gets higher than 25 degrees Celsius, the invisible hanging air conditioners automatically and simultaneously activate; when the temperature is below 25 degrees Celsius, only two air conditioners operate to maintain the cooling effect.
 - (3) Networks: Four network connections, including Asia Pacific Telecom and Chunghwa Telecom, are adopted for external network services.
 - (4) Fire-fighting systems: equipped with smoke detection systems and carbon dioxide fire extinguishing device, as well as independent hand-held fire extinguishers.
 - (5) Environmental control: In the event of abnormal power and temperature, relevant personnel will be notified via e-mail.

2. Information equipment
 - (1) Enterprise Resource Planning (ERP) system: Two ERP hosts, production and stage. The production provides ERP service, and the stage is for the developers to carry out testing and then import the data into production.
 - (2) E-mail system: The e-mail system service is set up on two hosts, one as a redundancy.
3. Firewall and load balancing device:
 - (1) The firewall determines whether to allow or block specific traffic and protect against viruses and network attacks as defined by security rules, and the load balancing device provides backup for external network services.
 - (2) Physical area control (data center access control area)
 - (3) The data center is controlled with a separate access card, so that unauthorized personnel will not be able to enter, and authorized personnel shall record the time and reason for entering the data center.
4. Information System Control
 - (1) Computer system control: Only company computers are allowed for office work. Purchase of a new computers must be submitted to the information department for security environment setup and account permissions.
 - A. Using specific brands and models of computers
 - B. Joining the company domain for account access control
 - C. Web browser security settings
 - D. Installing specified anti-virus software
 - (2) Web behavior control: The Company restricts web pages by category, blocks malicious websites, records website visits, and tracks traffic and behaviors. Application traffic is monitored and blocked when necessary.
 - (3) Personnel access control: System manager, administrator, and general users are controlled by separate authority.
 - (4) Access Restrictions:
 - A. The core system allows only authorized personnel to connect, and limits the location of the connected computers and the connection methods.
 - B. The file server only allows permitted personnel to access data.
5. System Audit Management
 - (1) Internal audit: Internal audit management is conducted once every six months in accordance with the company's internal computer information management system.
 - (2) External audit: An information system audit is conducted by CPAs on an annual basis to review operation-related systems and management practices.
6. Information Defense Measures

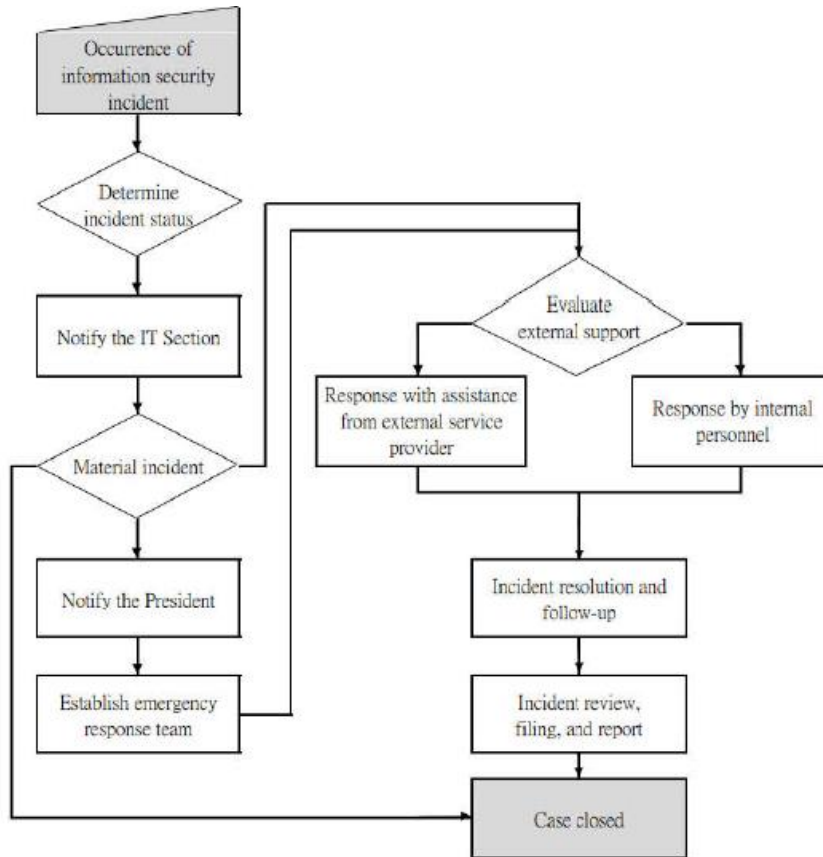
Different brands of anti-virus scanning are used for different types of security devices to enhance virus identification.

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

- (4) Anti-virus software:
 - A. The console divides users and servers into groups for management. Company-wide virus status can be monitored from the anti-virus console.
 - B. Anti-virus software is installed on the user side, scheduled for automatic updates, with regular scans every Wednesday noon.

(I) Emergency Report Procedures

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



- (II) Losses due to major information and communications security incidents, possible impact and response measures during the most recent fiscal year and during the current fiscal year up to the prospectus publication date. If the loss cannot be reasonably estimated, elaborate on the reasons why it cannot be reasonably estimated with facts: N/A

VII. Important Contracts

Nature of contracts	Counterparty	Starting and ending dates of the contract	Key description	Restrictive terms
Sales contract	Pursuant to the non-disclosure agreement, the Company must not disclose the counterparty of the contract	2020/6/1~	Product development and sales contract	None
Manufacturing contract		2020/7/1~	Product development contract	
License agreement		2020/6/26~2023/6/25	License agreement for technology application	
License agreement		2020/9/1~2025/12/31	License agreement for technology application	
License agreement		2021/1/1~2024/12/31	License agreement for technology application	
Non-disclosure agreement		2020/10/20~2025/10/20	Non-disclosure agreement for technology application	
License agreement		2020/10/20~2024/12/31	License agreement for technology application	
License agreement		2020/6/1~2025/5/31	License agreement for technology application	
Sales contract		2021/3/24~2022/3/23	Product development and sales contract	
Maintenance contract		2021/4/1~2022/3/31	Product maintenance contract	
Technology contract		2021/5/24~2023/5/23	Product development technology contract	
License agreement		2021/2/1~2025/1/31	License agreement for technology application	
Consultancy contract		2021/4/1~2023/7/31	Development consultancy contract	
Evaluation contract		2021/6/30~2022/6/30	Early testing evaluation contract	
License agreement		2022/1/1~2022/12/31	License agreement for technology application	
Manufacturing contract		2021/7/5~	Product development and manufacturing contract	

Six. Financial Information

I. Five-Year Financial Summary

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

Condensed Balance Sheet - Consolidated

Unit: NT\$1,000

Item		Financial information for the past five years				
		2017	2018	2019	2020	2021
Year						
Current assets		1,889,630	1,504,127	1,235,009	973,999	993,371
Property, plant, and equipment		21,260	31,653	24,100	25,175	33,643
Intangible assets		12,288	7,260	7,629	3,799	6,329
Other assets		898,153	971,209	1,200,510	1,374,668	2,129,718
Total assets		2,821,331	2,514,249	2,467,248	2,377,641	3,163,061
Current liabilities	Before distribution	838,503	742,630	616,623	636,268	904,325
	After distribution	1,007,308	860,793	666,139	647,522	Note 1
Non-current liabilities		30,265	24,805	43,568	40,323	35,063
Total liabilities	Before distribution	868,768	767,435	660,191	676,591	939,388
	After distribution	1,037,573	885,598	709,707	687,845	Note 1
Equity attributable to owners of the parent company		1,952,563	1,746,814	1,807,057	1,701,050	2,223,673
Share capital		1,125,365	1,125,365	1,125,365	1,125,365	1,125,365
Capital surplus		0	0	55	55	998
Retained earnings	Before distribution	717,646	641,223	572,637	518,450	962,875
	After distribution	548,841	523,060	523,121	507,196	Note 1
Other equity items		109,552	(19,774)	109,000	57,180	134,435
Treasury Stocks		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	1,952,563	1,746,814	1,807,057	1,701,050	2,223,673
	After distribution	1,783,758	1,628,651	1,757,541	1,689,796	Note 1

Note 1: The appropriation of earnings has not yet been approved by the shareholders' meeting.

Condensed Balance Sheet - Individual

Unit: NT\$1,000

Item		Financial information for the past five years				
		2017	2018	2019	2020	2021
Year						
Current assets		1,775,906	1,376,852	1,099,614	877,389	877,801
Property, plant, and equipment		5,633	15,538	11,958	7,469	16,560
Intangible assets		11,631	6,292	6,823	3,215	6,095
Other assets		1,038,822	1,127,585	1,314,600	1,477,713	2,187,486
Total assets		2,831,992	2,526,267	2,432,995	2,365,786	3,117,942
Current liabilities	Before distribution	849,164	754,648	601,340	634,605	859,980
	After distribution	1,017,969	872,811	650,856	645,859	Note 1
Non-current liabilities		30,265	24,805	24,598	30,131	34,289
Total liabilities	Before distribution	879,429	779,453	625,938	664,736	894,269
	After distribution	1,048,234	897,616	675,454	675,990	Note 1
Equity attributable to owners of the parent company		1,952,563	1,746,814	1,807,057	1,701,050	2,223,673
Share capital		1,125,365	1,125,365	1,125,365	1,125,365	1,125,365
Capital surplus		0	0	55	55	998
Retained earnings	Before distribution	717,646	641,223	572,637	518,450	962,875
	After distribution	548,841	523,060	523,121	507,196	Note 1
Other equity items		109,552	(19,774)	109,000	57,180	134,435
Treasury Stocks		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	1,952,563	1,746,814	1,807,057	1,701,050	2,223,673
	After distribution	1,783,758	1,628,651	1,757,541	1,689,796	Note 1

Note 1: The appropriation of earnings has not yet been approved by the shareholders' meeting.

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

Condensed Statement of Comprehensive Income - Consolidated

Unit: NT\$1,000

Year \ Item	Financial information for the past five years				
	2017	2018	2019	2020	2021
Operating Revenue	2,354,414	2,162,117	1,769,660	1,277,546	1,771,373
Gross profit	610,554	498,229	354,407	234,335	299,617
Operating income	155,221	115,592	1,280	(79,064)	(23,916)
Non-operating income and expenses	79,823	78,720	53,549	83,976	80,171
Net income before tax	235,044	194,312	54,829	4,912	56,255
Profit from continuing operation	220,773	160,483	49,537	799	51,826
Loss from discontinued operation	0	0	0	0	0
Net income (loss)	220,773	160,483	49,537	799	51,826
Other comprehensive income (net of tax)	71,411	(197,427)	128,814	(57,290)	506,083
Total comprehensive income	292,184	(36,944)	178,351	(56,491)	557,909
Net income attributable to owners of the parent company	220,773	160,483	49,537	799	51,826
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	296,059	(36,944)	178,351	(56,491)	557,909
Total comprehensive income attributable to non-controlling interests	(3,875)	0	0	0	0
Earnings per share	1.96	1.43	0.44	0.01	0.51

Note 1: The appropriation of earnings has not yet been approved by the shareholders' meeting.

Condensed Statement of Comprehensive Income - Individual

Unit: NT\$1,000

Year \ Item	Financial information for the past five years				
	2017	2018	2019	2020	2021
Operating Revenue	2,346,843	2,140,839	1,746,978	1,270,701	1,763,473
Gross profit	524,241	452,901	332,148	243,830	306,655
Operating income	92,801	94,938	(554)	(51,469)	3,722
Non-operating income and expenses	127,143	91,925	53,942	55,308	52,533
Net income before tax	219,944	186,863	53,388	3,839	56,255
Profit from continuing operation	220,773	160,483	49,537	799	51,826
Loss from discontinued operation	0	0	0	0	0
Net income (loss)	220,773	160,483	49,537	799	51,826
Other comprehensive income (net of tax)	75,286	(197,427)	128,814	(57,290)	506,083
Total comprehensive income	296,059	(36,944)	178,351	(56,491)	557,909
Net income attributable to owners of the parent company	220,773	160,483	49,537	799	51,826
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	296,059	(36,944)	178,351	(56,491)	557,909
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share	1.96	1.43	0.44	0.01	0.51

Note 1: The appropriation of earnings has not yet been approved by the shareholders' meeting.

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

Year	CPA	Opinion
2017	Huang Shih-chun, Wu Yu-lung	Unqualified opinion
2018	Wu Yu-lung, Huang Shih-chun	Unqualified opinion plus other matters paragraph
2019	Wu Yu-lung, Huang Shih-chun	Unqualified opinion plus other matters paragraph
2020	Yeh Tsui-miao, Huang Shih-chun	Unqualified opinion plus other matters paragraph
2021	Huang Shih-chun; Yeh Tsui-miao	Unqualified opinion plus other matters paragraph

II. Five-Year Financial Analysis

Unit: NT\$1,000

Year \ Analysis Item		Consolidated				
		2017	2018	2019	2020	2021
Financial Structure	Debt to assets ratio (%)	30.79	30.52	26.76	28.46	29.70
	Long-term capital to property, plant and equipment ratio (%)	9,326.57	5,597.00	7,678.94	6,917.07	6713.84
Solvency	Current Ratio (%)	225.36	202.54	200.29	153.08	109.85
	Quick Ratio (%)	206.13	179.12	170.89	122.45	75.81
	Times Interest Earned	0	194313	103.48	3.54	15.57
Management Capacity	Receivables Turnover (Times)	4.03	3.76	3.66	3.43	4.78
	Average Collection Days	90.57	97.07	99.73	106.41	76.36
	Inventory Turnover (Times)	11.05	10.67	8.97	6.05	6.44
	Accounts Payable Turnover Ratio	3.79	3.57	3.39	3.00	4.21
	Days Sales of Inventory	33.03	34.21	40.69	60.33	56.68
	Property, Plant, and Equipment Turnover (Times)	93.65	81.72	63.48	51.85	60.23
	Total Assets Turnover (Times)	0.84	0.81	0.71	0.53	0.64
Profitability	Return on Assets (%)	7.87	6.02	2.01	0.10	1.98
	Return on Equity (%)	11.79	8.68	2.79	0.05	2.64
	Ratio of pre-tax income to paid-in capital %	20.89	17.27	4.87	0.44	5.00
	Profit margin (%)	9.38	7.42	2.80	0.06	2.93
	Earnings per share	1.96	1.43	0.44	0.01	0.51
Cash Flow	Cash Flow Ratio (%)	13.03	20.79	8.57	4.25	0.00
	Cash Flow Adequacy Ratio (%)	116.90	78.00	83.72	69.93	54.26
	Cash Re-investment Ratio (%)	-1.24	-0.78	-3.4	-1.23	-0.48
Degree of Leverage	Degree of Operating Leverage	3.73	4.02	243.23	-2.82	-12.50
	Degree of Financial Leverage	1.00	1.00	1.72	0.98	0.86

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

- The decrease in current and quick ratio was due to the increase in inventories in response to customer orders, resulting in a 28.24% and 38.09% decrease in the ratio, respectively.
- The change in times interest earned was due to the stabilized customer orders as the COVID-19 pandemic subsided; the increase in revenue led to a significant increase in profitability, resulting in an year-on-year increase in times interest earned.
- The changes in receivables turnover and days sales of inventory were due to the increased revenue brought by stabilized customer orders as the COVID-19 pandemic subsided; the increase in revenue led to an increase in receivables turnover and a decrease in days sales of inventory.
- The increase in total assets turnover was an effect of the increase in operating income in 2021 compared to 2020.
- The increase in return on assets, return on equity and profit margin was due to the year-on-year increase in profit margin after tax in December 2021.
- In 2021, earnings per share had a year-on-year increase compared to 2020; changes that led to this increase were as follows:
 - Revenues increased due to stabilized customer orders as the COVID-19 pandemic subsided.
 - Overall gross profit increased in 2021 compared to 2020 due to the restoration of production capacity and the difference in product mix for sale.
- The decrease in cash flow ratio was due to the decrease in net cash inflow from operating activities in 2021.
- The decrease in cash reinvestment ratio was mainly due to the decrease in net cash inflow from operating activities in 2021 compared to the previous year.

Year		Analysis Item	Individual				
			2017	2018	2019	2020	2021
Financial Structure	Debt to assets ratio (%)	31.05	30.85	25.73	28.10	28.68	
	Long-term capital to property, plant and equipment ratio (%)	35,200.21	11,401.85	15,317.40	23,178.22	13,635.04	
Solvency	Current Ratio (%)	209.14	182.45	182.86	138.26	102.07	
	Quick Ratio (%)	198.61	169.62	169.39	117.04	75.54	
	Times Interest Earned	0.00	18,6864.00	-328.56	-1.29	-14.20	
Management Capacity	Receivables Turnover (Times)	4.04	3.77	3.65	3.44	4.77	
	Average Collection Days	90.35	96.82	100	106.1	76.52	
	Inventory Turnover (Times)	19.95	20.88	20.68	11.70	9.50	
	Accounts Payable Turnover Ratio	5.45	4.30	4.16	3.78	5.41	
	Days Sales of Inventory	18.3	17.48	17.65	31.2	38.42	
	Property, Plant, and Equipment Turnover (Times)	319.19	202.24	127.07	130.82	146.78	
	Total Assets Turnover (Times)	0.85	0.80	0.70	0.53	0.64	
Profitability	Return on Assets (%)	7.97	5.99	1.99	-0.02	1.78	
	Return on equity (%) (Note 2)	11.79	8.68	2.79	0.05	2.64	
	Ratio of pre-tax income to paid-in capital %	19.54	16.6	4.74	0.34	5.00	
	Profit margin (%)	9.41	7.50	2.84	0.06	2.94	
	Earnings per share	1.96	1.43	0.44	0.01	0.51	
Cash Flow	Cash Flow Ratio (%)	15.19	18.27	5.97	1.68	0.00	
	Cash Flow Adequacy Ratio (%)	105.60	74.66	82.26	75.37	51.26	
	Cash Re-investment Ratio (%)	-0.29	-1.9	-4.97	-2.45	-1.00	
Degree of Leverage	Degree of Operating Leverage	4.42	3.58	-437.93	-3.27	59.05	
	Degree of Financial Leverage	1.00	1.00	1.41	1.03	0.50	

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

1. The change in the ratio of long-term capital to property, plant and equipment was due to the increase in the acquisition of property, plant and equipment due to the addition of new production lines, and the increase in shareholders' equity due to the year-on-year increases in other equity and adjustment of undistributed earnings. As a result, the ratio decreased by 41.17%.
2. The decrease in current and quick ratio was due to the increase in inventories in response to customer orders, resulting in a 26.17% and 35.46% decrease in the ratio, respectively.
3. The change in times interest earned was due to the stabilized customer orders as the COVID-19 pandemic subsided; the increase in revenue led to a significant increase in profitability, resulting in an year-on-year increase in times interest earned.
4. The changes in receivables turnover and days sales of inventory were due to the increased revenue brought by stabilized customer orders as the COVID-19 pandemic subsided; the increase in revenue led to an increase in receivables turnover and a decrease in days sales of inventory.
5. The increase in total assets turnover was an effect of the increase in operating income in 2021 compared to 2020.
6. The increase in return on assets, return on equity and profit margin was due to the year-on-year increase in profit margin after tax in December 2021.
7. The decrease in cash flow ratio was due to the decrease in net cash inflow from operating activities in 2021.
8. The decrease in cash reinvestment ratio was mainly due to the decrease in net cash inflow from operating activities in 2021 compared to the previous year.

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

III. Audit Committee's Report in the Most recent Year YEAR

IV. 2021 Consolidated Financial Statements.

Please see attachment.

V. 2021 Stand-Alone Financial Statements.

Please see attachment.

VI. Financial Difficulties for the Company and Its Affiliates.

Not applicable to the Company.

Seven. Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status

Unit: NT\$1,000

Item \ Year	2021	2020	Differential		
			Amount	%	Description
Current assets	993,371	973,999	19,372	2%	1
Financial assets measured at FVTOCI - noncurrent	1,013,722	1,253,306	-239,584	-19%	2
Available-for-sale financial assets - noncurrent	0	0	0	0	-
Investment accounted for using the equity method	1,051,971	70,907	981,064	1384%	-
Property, plant, and equipment	33,643	25,175	8,468	34%	-
Right-of-use assets	44,547	25,582	18,965	74%	3
Intangible assets	6,329	3,799	2,530	67%	-
Other assets	19,478	24,873	-5,395	-22%	-
Total assets	3,163,061	2,377,641	785,420	33%	-
Current liabilities	904,325	636,268	268,057	42%	-
Long-term liabilities	0	0	0	0	-
Other liabilities	35,063	40,323	-5,260	-13%	-
Total liabilities	939,388	676,591	262,797	39%	-
Share capital	1,125,365	1,125,365	0	0%	-
Capital surplus	998	55	943	1715%	-
Retained earnings	962,875	518,450	444,425	86%	-
Other equity items	134,435	57,180	77,255	135%	4
Non-controlling interests	0	0	0	0	-
Total equity	2,223,673	1,701,050	522,623	31%	-

Description of percentage differentials: Only the percentage differentials between the two periods that reached 20% or more and had an absolute value greater than NT\$10,000 were analyzed.

1. Decrease in "Financial assets measured at FVTOCI - noncurrent": This was due to the following reasons:
 - (1) The increase of NT\$154,441 thousand in valuation loss of investment in shares using financial assets measured at fair value; sale of shares in the amount of NT\$87,150 thousand; and subscription to shares in the amount of NT\$128,401 thousand.
 - (2) Changes in accounting policy, which treated "Financial assets measured at FVTOCI - noncurrent" as "Investment accounted for using the equity method" in the amount of NT\$ 435,276 thousand.
2. Increase in "Investment accounted for using the equity method: This was due to changes in accounting policy, which treated "Financial assets measured at fair value - noncurrent" as "Investment accounted for using the equity method" in the amount of NT\$985,194 thousand.
3. Increase in "Right-of-use assets": This was due to
 - (1) An increase of NT\$14,622 thousand as a result of renewing the lease contract for our Guanyin plant and moving our Neihu office to Xizhi.
 - (2) Depreciation and amortization of "Right-of-use assets" in the amount of NT\$25,873 thousand.
4. Increase in "Current liabilities": This was due to
 - (1) An increase of NT\$41,332 thousand as a result of renewing the lease contract for our Guanyin plant, of which the lease term was extended from one year to three years.
 - (2) Depreciation and amortization of "Right-of-use assets" in the amount of NT\$23,694 thousand.
5. Increase in "Retained earnings": This was due to
 - (1) An increase of NT\$167,288 thousand in the valuation gains from share investment using the proceeds attained from disposal of "Financial assets measured at fair value".
 - (2) Changes in accounting policy, which treated "Retained earnings" as "Investment accounted for using the equity method" in the amount of NT\$257,717 thousand.
6. Increase in "Other equity items": This was due to an increase in valuation gains from recognizing fair value changes in other comprehensive income.

II. Analysis of Operation Results

(I) Comparison and Analysis of Operating Results

Unit: NT\$1,000

Item \ Year	2021	2020	Differential		Description of the Percentage Differentials (Note)
			Amount	%	
Net operating revenue	1,771,373	1,277,546	493,827	39%	Refer to (II) for details.
Operating costs	-1,471,756	-1,043,211	-428,545	41%	
Gross profit	299,617	234,335	65,282	28%	
Operating expenses	-323,533	-313,399	-10,134	3%	
Net operating income	-23,916	-79,064	55,148	-70%	
Non-operating income and expenses	80,171	83,976	-3,805	-5%	
Net income before tax	56,255	4,912	51,343	1045%	
Income tax (expenses) gains	-4,429	-4,113	-316	8%	
Net income	51,826	799	51,027	6386%	
Net income attributable to owners of the parent company	51,826	799	51,027	6386%	
Net income attributable to non-controlling interests	0	0	0	0%	

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

(II) Description of percentage differentials:

1. Increase in "Operating income" over last period: This was due to the return of purchase orders that had once been reduced by clients due to the COVID-19 pandemic.
2. Increase in "Gross profit" over last period: The gross profit increased over 2020 mainly due to increase in operating revenue over last period, the recovery of production capacity in 2021, and the difference in the structure of sales of products in 2021.
3. Increase in "Operating expenses" over last period: This was due to an increase in expenses for professional services and stock affairs works as a result of another company's intention to acquire the Company, and of the convention of the Company's extraordinary general meeting (EGM).
4. Increase in "Net income": This was due to all of the causes stated above.

III. Analysis of Cash Flow

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

Item \ Year	2021	2020	Increase (Decrease) Percentage
Cash Flow Ratio	0.00%	4.25%	-100.00%
Cash Flow Adequacy Ratio	54.26%	69.93%	-22.41%
Cash Re-investment Ratio	-0.48%	-1.23%	-60.98%

In 2021, the cash flow ratio and the cash re-investment ratio decreased due to decrease in "Cash flows provided by operations" and "Net cash provided by operating activities". The increase in "Inventory" in the current period caused the cash flow adequacy ratio to decrease, yet, the real cash flow remained normal.

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

(III) Liquidity analysis for the coming year

Unit: NT\$1,000

Beginning cash balance (1)	Net cash flow expected from the operating activities for the whole year (2)	Net cash flow expected from the investing and financing activities for the whole year (3)	Expected remaining/short amount of cash (1)+(2)+(3)	Remedial measures for expected cash shortage	
				Investment plan	Treasury plan
271,141	(21,656)	145,905	395,390	\$-	\$-
<p>1. Analysis of changes in cash flow:</p> <p>(1) Operating activities: mainly due to the policy procurement and increased material inventory as countermeasures for expected market material shortages, to enable the stable shipment; and thus the net cash outflow from the operating activities was generated.</p> <p>(2) Investing and financing activities: mainly because the shareholdings in reinvestees were expected for adjustments, and some of the stakes in reinvestees were disposed of, as well as the sum of expected acquisition of assets, capacity expansion, distribution of the cash dividends in the future years, and repayment of leasing liability principals in 2022, it is expected a net cash inflow from the investing and financing activities for the whole year.</p> <p>2. Remedial measures for expected cash shortage: not applicable</p>					

IV. Major Capital Expenditure Items: There were no significant capital expenditures in the most recent year.

V. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

(I) Investment policies

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

(II) Main reasons for gains or losses

The unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income was \$501,478 thousand, an increase of 1033.33% from the valuation loss of \$53,730 thousand in 2020, mainly due to the increase in the share price of the investee company in 2021 compared with that in 2020, resulting in the unrealized valuation gain on investments in equity instruments at fair value through other comprehensive income.

(III) Investment plans in the coming year

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

VI. Analysis of Risk Management

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

1. Effect on the Company's P/L

Unit: NT\$1,000

Item	Amount in 2021	As a percentage of operating revenue (%)	As a percentage of net income before tax (%)
Interest income and expenses, net	(2,683)	-0.15	-4.77
Exchange gains and losses, net	(7,355)	-0.42	-13.07

(1) Interest rate risk:

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

(2) Exchange rate risk

- A. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions using a currency other than the functional currency of the Company and subsidiaries, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.
- B. Since the Group's businesses involve some non-functional currency (the Company's and certain subsidiaries' functional currency is NTD while other certain subsidiaries' functional currency is CNY or HKD), it is subject to changes in exchange rates.

(3) Inflation:

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

2. Future response measures

(1) Response measures for interest rate changes

Under stable operations, the Group maintains abundant working capital. In 2021, the working capital was NT\$89,064 and the debt ratio was 29.70%. The Group will also keep close contact with banks to attain a preferential interest rate on deposits and borrowings, thereby increasing benefits.

(2) Response measures for exchange rate changes

- A. The Group's management has formulated policy, which stipulates that all companies within the Group properly manage the exchange risks associated with a currency other than their functional currency. Each company shall hedge their overall exchange risks through the Group's Financial Department.
- B. The Financial Department keeps close contact with the foreign exchange department of corresponding financial institutions, so as to stay updated with the information of exchange rate changes and fully understand the international exchange rate trend and changes, thereby dealing with the adverse impact of exchange rate changes in an active manner.

(3) Response measures for inflation

The Company will closely monitor inflation and properly adjust materials

inventory accordingly, so as to mitigate the adverse impact of inflation on the Company.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. The Company did not engage in any investment that was highly risky or highly leveraged in the most recent year.
2. As of the date this annual report was published, the Company did not recognized any endorsements or guarantees, or any loans to other parties.
3. To hedge the risks associated with exchange rate changes on the Company's net foreign currency position, as of the publication date of this annual report, the Company's involvement in currency swap, a kind of derivatives, reached US\$9,000,000. The Company transacts derivatives mainly to hedge risks and the Company's "Procedures for Acquiring or Disposing of Assets" strictly regulated derivatives transactions. As such, the gains or losses generated thereby do not have a material impact on the Company's P/L. Future derivatives trading will still be for the purpose of hedging risks.
4. Hedge accounting for financial products and its goals and methods: The Group did not adopt hedge accounting.

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

(IV) Future research and development plans and estimated investments in research and development:

Plans for the most recent year	Current progress	Further research and development investments	Time to achieve mass production	Main factors for success of future development
3D printing technology for mass production --- customer product 3DP application / Drone / Gripper, etc.	<ol style="list-style-type: none"> 1. New customer demands include integrated design, reduced number of parts, and reduced production costs. 2. To complete the prototype of a drone with inspection feature. Lightweight design, with a 30% weight reduction. 3. Drone operator certification, ground station software development, hardware integration, etc. to provide comprehensive drone solutions. 4. The Company plans to complete establishing a drone production line and a drone system with a takeoff weight of 25 kg or less by 2022. 5. To complete designing the chip board for the claws and integrate the claw system. Tests will be conducted with TIS Cobot. 	NTD 12,467K	2023 Q1	<ol style="list-style-type: none"> 1. Lightweight design, with a 30% weight reduction. 2. Drone operator certification, ground station software development, hardware integration, etc. to provide comprehensive drone solutions. 3. July 2022: established a drone production line and a drone system with a takeoff weight of 25 kg or less. 4. Claws: Finished software-hardware integration, and

				integrated the modules to TIS factory Cobot.
Smart Shelf (Smart shelf hub module development)	<ol style="list-style-type: none"> 1. Finished 3DP design and provided to client for review. 2. The hardware design is completed; the first version layout is in progress. Chip board production in May. 3. Basic structures are finished for the firmware, currently modifying the UDP data transmission requirements. 4. Estimated to deliver ES3.1 sample to client in July. 	NTD 4,277K	2023 Q2	<ol style="list-style-type: none"> 1. The product needs to meet IP52 requirements. 2. Customer test samples to be delivered in July 2022. 3. Product safety and EMC verification to be completed in January 2023. 4. Beta testing to be conducted in the market in March 2023. (Field Test)
2nd generation color label printer (ODM)	<ol style="list-style-type: none"> 1. To conduct product specification review; product specification definition is expected to finish at 3/E. 2. To conducted UV ink and solvent ink tests to determine nozzle specifications at 3/E. 3. Lightweight design, with a goal of reducing the weight by 30% or more compared to the first generation. (10.5kg → 7kg) 	NTD13,839K	2023 Q2	<ol style="list-style-type: none"> 1. Development schedule management; nozzle partner selection shall be completed before 3/E. 2. Product specification definition with the client needs to be completed before 4/E. 3. 3D printing technology needs to be introduced to reduce tooling costs.
Auto cutter (ODM)	<ol style="list-style-type: none"> 1. To finish cost analysis of the competitor's machine by 1/E. 2. To discuss with the client about timelines, specifications, and target price. The estimated project kick-off shall be in March. 3. To discuss VA-VE. And to propose the design concept by 3/E. 	NTD21,287K	2023 Q1	<ol style="list-style-type: none"> 1. The cost shall meet the client's target. Target: Price <US\$ 199; GP% > 20%) 2. The proposal requires client's approval by 4/E. 3. The Company needs to master the key testing methods for the product.
Multi-function peripheral (MFP) (A)	<ol style="list-style-type: none"> 1. BB chips has been replaced with software, and the PA validation shall start in March. 2. The chip board SP trial is expected to be completed in mid-March, MP on June 10, 	NTD3,476K	2022 Q3	<ol style="list-style-type: none"> 1. After the software replacement, the system performance is the same as the original hardware

	introduced by running change, and full introduction for all models are expected to be finished in August.			detection. 2. Product has obtained safety certification and been introduced into production.
Multi-function peripheral (MFP) (B)	Specification confirmation by both parties. The main items to be modified include: 1. An additional OEM model. To modify panel and RADF ID. 2. Wifi support. 3. New OS Support. (China OS, Windows11, MacOS12, Linux) 4. OpenSSL Upgrade. Estimated kick-off in April 2022.	NTD12,521K	2023 Q1	1. The target is to get NRE US\$ 800K. (2022: US\$ 350K; 2023: US\$ 450K). 2. Wifi upgrade shall obtain all verifications and certifications by December 2022.

(IV) Effect on the company's financial affairs and business operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

So far, there is no important policy or change in law that will materially impact the Company's financial affairs or business operations.

(V) Effect on the company's financial affairs and business operations of developments in science and technology, and measures to be taken in response:

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

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: None.

(VII) Expected benefits and possible risks associated with any merger and acquisitions in the most recent year, and mitigation measures being or to be taken: The Company did not conduct any mergers or acquisitions in the most recent year.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

The Company had planned to establish a second production base at abroad, in addition to the first one already in operation in China. However, due to the COVID-19 pandemic, such a plan was not executed, disappointing customers' demands for production schedule. Alternatively, the Company set up production lines at its Guanyin plant in Taiwan. The production lines were completed and started trial production in September 2021. Mass production was expected in October. The production lines in the Guanyin plant will initially be used mainly to produce and assemble cutting systems. Furthermore, the Company plans to accelerate the introduction of collaborative robots in the Guanyin plant. Doing so will not only boost production capacity, but also bridge the manpower gap. Meanwhile, the Company has developed 3D printing technologies that can offer advanced computer-integrated manufacturing service, which in turn can provide customers with design and manufacturing services that are rapid, flexible, and of low purchase volume, thereby

satisfying their needs when they are facing a market full of uncertain risks.

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

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

- (X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken in the most recent year: On March 18, 2021, two of the Company's institutional directors, namely Multilite International Co., Ltd. and Krom Electronics Co., Ltd., transferred a quantity of the Company's shares that was greater than one half of their shareholding in the Company when they had been elected. Hence, they were discharged ipso facto. The Company will fill the two vacancies for directors through an election at the annual general meeting (AGM) in 2021. As such, such discharge did not have any impact on the Company's operations. -

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

- (XII) Litigious and non-litigious matters: If there has been any material impact upon shareholders' equity or prices for the company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company, a company director, supervisor, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending, the prospectus shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and status up to the prospectus publication date:

Litigious and non-litigious matters of Creative Sensor Inc., the Company's corporate director: TECO Electric and Machinery Co., Ltd. (hereinafter referred to as TECO) asserted that the procedures of the Company's Board of Directors' meeting held on June 21, 2021 was flawed, and the resolution to postpone the date of the shareholders' meeting was invalid. Therefore, on July 1, 2021, TECO applied for a provisional injunction with the Intellectual Property Court to prohibit the convening of a shareholders' meeting. However, on July 7, 2021, the Intellectual Property Court denied TECO's petition for provisional injunction on the grounds that "the shareholders' meeting will be held to protect the shareholders' interest in 2020 distribution of earnings," "directors Yu Hsin-Ta and Wang Chien-Min have deliberately refused to attend the board meeting, and the board may not be able to reconvene another meeting to resolve on the date of the shareholders' meeting," and "If the shareholders' meeting is not held on July 9, 2021, the shares of Creative Sensor Inc. may be listed as securities with changed trading methods, which may affect the rights and interests of investors." The Company's claim for temporary leave of absence will not affect the holding of the July 9, 2021 shareholders' meeting. Therefore, TECO's application for provisional injunction will not affect the shareholders' meeting to be held on July 9, 2021. The case was settled by the Intellectual Property Court on October 14, 2021.

- (XII) Other significant risks: N/A

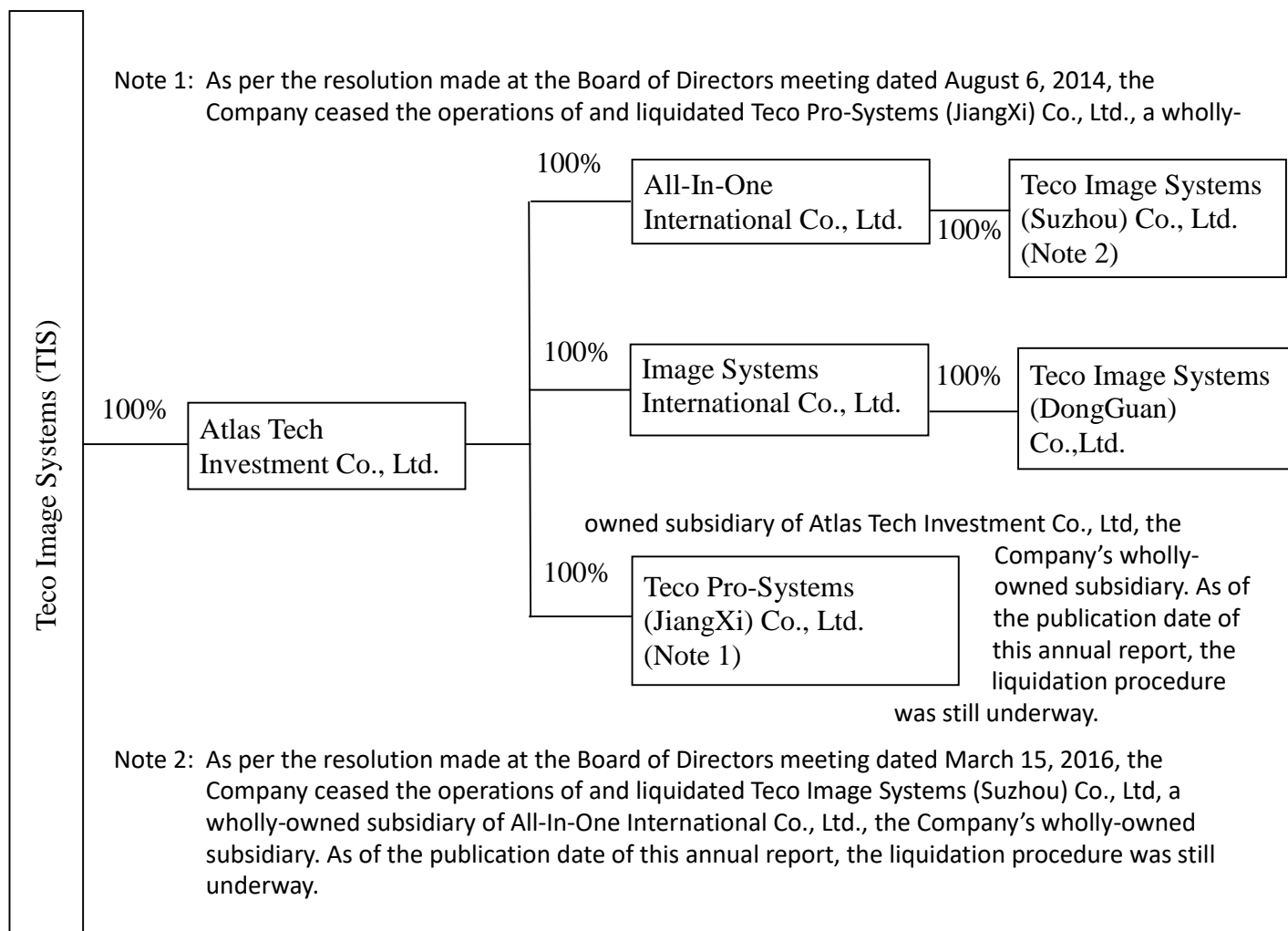
- (XIII) Other important matters: None.

Eight. Special Disclosures

I. Summary of Affiliated Companies:

(I) Consolidated Business Reports of Affiliated Enterprises:

1. Organizational Chart of Affiliates:



2. Basic information on affiliates

Name of Affiliate	Date of Incorporation	Paid-in Capital	Address	Line of Business
Atlas Tech Investment Co., Ltd.	June 14, 2002	196,096	P.O.Box 3444, Road Town, Tortola, British Virgin Islands	Professional investment company
Teco Pro-Systems (JiangXi) Co., Ltd.	September 14, 2009	32,710	No. 36, Torch 5th Road, Gaoxin Development Zone, Nanchang City, Jiangxi Province, China	R&D, production, and sale of MFP systems and subsystems
All-In-One International Co., Ltd.	June 14, 2002	83,648	Lotemau Centre, P.O.Box 1225, Apia, Samoa	Professional investment company
Teco Image Systems (Suzhou)	February 20, 2003	81,528	No. 1288, Yunhe North Road, Wujiang Economic and Technological Development Zone, China	R&D, technological testing, production, and sale of MFP systems and subsystems
Image Systems International Limited	January 19, 2004	148,304	Lotemau Centre, P.O.Box 1225, Apia, Samoa	Professional investment company
Teco Image Systems (DongGuan) Co., Ltd.	January 10, 2013	88,647	1st Floor, No. 1, Yuyuan 3rd Road, Yuyuan Industrial Zone, Huangjiang Town, Dongguan City, China	R&D, production, and sale of MFP systems and subsystems

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

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

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

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

Name of Affiliate	Job Title	Name or Representative	Number of Shares Held	Shareholding Ratio
Atlas Tech Investment Co., Ltd.	Director	Teco Image Systems Co., Ltd. Tsai Hsiang-hui	6,248,313	100%
Teco Pro-Systems (JiangXi) Co., Ltd. (Note 1)	Liquidator	KO, IKUJIN ; Tsai Hsiang-hui; Lien Chao-chih	Capital contribution certificate	100%
All-In-One International Co., Ltd.	Director	Atlas Tech Investment Co., Ltd. Wei Yao-ming	2,410,000	100%
Teco Image Systems (Suzhou) Co., Ltd. (Note 2)	Liquidator	Hsiao Tsung-i; Lin Chun-lien; Liao Shun-jung	Capital contribution certificate	100%
Image Systems International Limited	Director	Atlas Tech Investment Co., Ltd. Wei Yao-ming	4,812,423	100%
Teco Image Systems (DongGuan) Co.,Ltd.	Chairman of the Board of Directors	Image Systems International Co., Ltd. Wei Yao-ming	Capital contribution certificate	100%
	Director	Image Systems International Co., Ltd. Li Li-chiu		
	Director	Image Systems International Co., Ltd. Tsai Hsiang-hui		
	Supervisor	Image Systems International Co., Ltd. Lai Chien-i		
	President	Wei Yao-ming		
			0	0

Note 1: As per the resolution made at the Board of Directors meeting dated August 6, 2014, the Company ceased the operations of and liquidated Teco Pro-Systems (JiangXi) Co., Ltd., a wholly-owned subsidiary of Atlas Tech Investment Co., Ltd, the Company's wholly-owned subsidiary. As of the publication date of this annual report, the liquidation procedure was still underway.

Note 2: As per the resolution made at the Board of Directors meeting dated March 15, 2016, the Company ceased the operations of and liquidated Teco Image Systems Co., Ltd (Suzhou), a wholly-owned subsidiary of All-In-One International Co., Ltd., the Company's wholly-owned subsidiary. As of the publication date of this annual report, the liquidation procedure was still underway.

6. Operational highlights of affiliates

Unit: NT\$1,000 December 31, 2021

Name of Affiliate	Capital	Total assets	Total liabilities	Net Worth	Operating Revenue	Operating Gains (Losses)	Profit or Loss After Tax	Earnings Per Share After Tax
Atlas Tech Investment Co., Ltd.	196,096	99,685	0	99,685	0	0	(25,276)	(4.05)
Dongxin Optoelectronics Technology (Jiangxi) Co., Ltd.	32,710	18,185	347	17,837	0	0	898	(Note 2)
All-In-One International Co., Ltd.	83,648	7,515	0	7,515	0	0	(3)	0
Teco Image Systems (Suzhou) Co., Ltd.	81,528	7,415	0	7,415	0	0	0	(Note 2)
Image Systems International Limited	148,304	74,278	0	74,278	0	0	(26,170)	(5.44)
Teco Image Systems (DongGuan) Co.,Ltd..	88,647	486,938	412,669	74,269	1,385,448	(25,696)	(26,170)	(Note 2)

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

Note 2: Not applicable to a limited company.

(II) Consolidated Financial Statements of Affiliated Enterprises

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

(III) Affiliation Reports of Affiliated Enterprises: None.

II. Private Placement Securities in the Most Recent Years

(I) Private placement of marketable securities: None.

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

III. The Shares in the Company Held of Disposed of by Subsidiaries in the Most Recent Years: None.

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

V. Other matters that require additional description : None

TiS

Teco Image Systems Co., Ltd.