MICROTEK
SCAN THE WORLD

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2023
Microtek Annual Report

Printed on March 31, 2024

1.Headquarters and Plant

Address	：	No.6, Industry East Road 3, Hsinchu Science Park, Hsinchu , Taiwan
Tel	：	(03)5772155
Taipei office	：	9F, No. 76, Sec 2, Dunhua S. Rd, Da-an District Taipei , Taiwan
Tel	：	(02) 27035566

2.Stock Transfer Agent

Name	：	Capital Securities Corporation
Address	：	B2, No. 97, Sec 2, Dunhua S. Rd, Da-an District Taipei, Taiwan
Web-Site	：	http://www.capital.com.tw
Tel	：	(02) 27023999

3.Auditors

Auditors	：	Chun-Yuan Wu、Chien-Hui Lu
Accounting Firm	：	KPMG Certified Public Accounting Firm
Address	：	68F, Taipei 101 Tower. No.7 Sec. 5. Xinyi Rd, Taipei , Taiwan
Web-Site	：	www.kpmg.com.tw
Tel	：	(02) 81016666

4.Spokesperson & Deputy Spokesperson

Spokesperson	:	Hui-Chuan Tai/ Vice president
Tel	:	(03) 5772155
Web-site	:	chuan.tai@microtek.com.tw
Deputy Spokesperson	:	Ching-Chi Chang /Section manager
Tel	:	(03) 5772155
Web-site	:	serene.chang@microtek.com.tw

5.Overseas Securities exchange	：	None
6. Corporate Web-site	：	www.microtek.com

1.Letters to Shareholders

Dear shareholders, customers, employees and friends,

Microtek's revenue reached NT$ 576 million in 2023, an increase of NT$21 million from the previous year. Gross profit was 30 percent higher than in 2022. Operating expense was $ 277 million, an increase of NT$16.8 million from the previous year. Net operating loss reached NT$ 101 million. Net profit after tax was NT$6.8 million.

1. Accomplishments of the Year 2023

(1) Results of Operating Plans:

Unit : NT$K

Item	2022	2023	Variable Proportion
Operating Revenue	554,909	575,907	4%
Gross Profit	152,483	175,650	15%
Operating expense	259,823	276,707	6%
Operating income(loss)	(107,340)	(101,057)	(6%)
Non-operating income(loss)	139,896	140,509	-
Income before Tax	32,556	39,452	21%
Tax	13,742	17,185	25%
Net Income	18,814	22,267	18%
Net income attributable to shareholders of the parent	12,419	6,801	(45%)

(2) Budget Implementation Efficiency

Microtek did not compile an annual budget for the year of 2023; therefore, this category is not applicable.

(3) Financial Performance

Unit : NT$K

Item	2022	2023	Variable Amounts
Net cash flow from operating activities	58,731	126,891	68,160
Net cash flow from investing activities	(33,076)	(53,792)	(20,716)
Net cash flow from financing activities	8,684	(77,783)	(86,467)

(4) Profitability Analysis

Year		2022	2023
Return on assets (%)		0.81	0.94
Return on equity (%)		0.85	1.00
Income to capital stock (%)	Operating Income	(5.22)	(4.91)
	Income before tax	1.58	1.92
Profit margin (%)		3.39	3.87
Earnings per share(NT$)		0.06	0.03

(5) Technological Developments

(i) Develops new generation multi-function inspection instrument with high level platform.

(ii) Develops professional biotechnology assistance interpretation software.

(iii) Develops new generation professional image capture device with high speed interface.

(iv) Develops new generation non-destructive digital inspecting device.

(v) Develops analysis technology with AI.

(vi) Keep on developing high pixels, high speed capture image modules which is applied to high speed field.

(vii) Enhances image storage manage system for various professional field.

2. Operational Highlights of the Year 2024

(1) Business Policy

The main management policy of Microtek is to combine its own expertise with future trends, as expertise is essential for maintaining a high level of competitiveness. Demand will continue to increase within the trend stream. The company focuses on the future trends of digitalization, automation, and intelligence in image-related fields, aiming to become the best provider of professional image solutions.

(2) Target Sales Figures and References

In the AOI automatic inspection system, Microtek has seen positive feedback after several years of development as of the year 2023, and it is expected that the results will be better in the year 2024. Especially with the use of a shared platform, rapid conversion and matching to meet different online demands are possible. In addition to existing customers, efforts are ongoing to develop related customer bases and expand business opportunities.

In the biotechnology sector, in addition to updating product lines, high-speed, intelligent new products developed in the year 2023 have launched customer practical verification, with expectations of contributing to performance in the year 2024.

In the medical equipment sector, Microtek has launched high-specification biomedical imaging equipment with partner companies, which can integrate imaging systems within medical institutions, streamline imaging recording processes, and improve efficiency, let medical personnel focus on medical tasks.

In traditional digital products, both in-house production and outsourcing will maintain the integrity of product lines and strengthen existing channels.

In non-destructive inspecting instruments, new technology will be introduced to enhance data management and judge functions, providing more comprehensive solutions to make systems more intelligent and user-friendly, thus expecting sales to reach higher levels.

(3) Important Production and Sales Policies

Microtek has a diverse range of products but focuses on its own expertise, with a core emphasis on shared platforms, simplifying R&D and production processes, and various product applications, enabling streamlined manpower for efficient output. In recent years, AI applications have gradually matured, benefiting both high-tech industries and traditional sectors.

Microtek has also begun to adopt AI in product design, offering integrated solutions and flexible options, significantly enhancing product competitive advantages.

1. In terms of research and development, Future production and after-sales service are first priority, with related products designed with modularity, maximum commonality, reduced component complexity, and streamlined maintenance procedures as guidelines. Design will consider the entire product production and sales process.
2. In terms of production, Standardized models are established, and the supply chain is strengthened, with in-house developed automation tools simplifying processes, increasing production efficiency, and maximizing output with fewer resources. Efforts are also made to actively reduce inventory levels and increase turnover rates to enhance competitiveness.
3. In terms of sales, with globalization as the goal, international business development is actively pursued beyond the markets of Taiwan and mainland China. Apart from end users, solid partnerships are developed worldwide, targeting sales in major countries across the globe.

3. The Effects of the Corporation's Developing Strategies for the Future, the External Competition Environment, Regulations and the Macro-Economic Environment

(1) Overall Economic and Regulatory Environment

In terms of the overall economy, COVID-19 pandemic slowdown is a positive factor. However, conflicts such as the Russia-Ukraine war, and with 2024 being an election year in many countries, there remain uncertainty that can impact the traditional electronics industry and less impact on the biotechnology and medical sectors. Following the pandemic, consumer demand in various countries is beginning to recover, providing an advantage for automation. Overall, business in 2024 will better than 2023 predictably.

The global warming is urgent issue, and there will be increased emphasis on global green competitiveness. Currently, the European Union carbon border adjustment mechanism will be implemented in 2026. With the onset of a carbon pricing era, products that do not comply with relevant environmental regulations are expected to face challenges in sales. Microtek is actively responding to international environmental standards and aims to promptly fulfill relevant regulatory requirements.

In recent years, international competition has not only been constrained by technological barriers but also by geopolitical tensions, making the external competitive environment more complex. In such circumstances, strengthening internal capabilities and seeking cross-border cooperation are preferable strategies. Microtek has consistently valued the development of advanced technologies and sought interdisciplinary cooperation to stay at the forefront of trends.

(2) Development Trends of Products and Their Competition

AI, quantum computing, and robotics are predicted to dominate future human life. Many existing tools and equipment will be changed a lot, particularly with the rapid advancement of AI in recent years, leading to the disappearance of certain jobs while creating new opportunities in AI applications.

Digitization has long been a trend, and the trends of intelligence and automation are ongoing processes. These trends are prospered, and the product not to keep up with them will be marginalized in the future. Microtek, with its focus on image processing, actively integrates systems and extensively utilizes existing technologies, combined with its unique expertise, for continuous development. In the rapidly evolving landscape of modern technology, the ability to integrate technologies and adapt quickly is essential. However, the ultimate key to success lies in the depth of expertise. It is crucial to possess highly specialized capabilities within one's own domain to maintain a competitive edge. Microtek's development strategy revolves around human needs and assisting in human development, aiming to meet the future needs of humanity. Building on this foundation, Microtek maximizes its strengths to maintain a high level of competitiveness. In the era of technological breakthroughs in the new century, Microtek aspires to become the most professional image system solution company.

Best Regards,

Chairman Chin-Lai Wu

2. Company Profile

Founded on October 23, 1980

Company History

1980	Founded in the Science-Based Industrial Park, Hsinchu
1983	Started up the groundbreaking ceremony of the office building and the factory in the Science-Based Industrial Park, Hsinchu
1984	Released the black & white imaging scanner
1985	Released the 300 dpi black & white sheet feed scanner
1986	Released the black & white flatbed scanner
1988	Initial public offering on the Taiwanese Stock Market
1989	Released the color scanner
1991	Released the 1850 dpi and 24 bit 35mm film scanner
1992	Headquarters grand opening and certified by the ISO9001 Established the subsidiary Shanghai Microtek Technology Co., Ltd.in Shanghai for sales and marketing
1993	Released the 1st generation positive/negative film scanner
1994	Released the 600 dpi and 36 bit 35mm color scanner
1996	Released the 600 dpi and 36 bit A3-size color scanner
1997	Released the dual-media/lens professional A3-size scanner
1998	Honored as “300 Best Small Companies” by Forbes Global Released the one-station color scanner
1999	Skyline TR2000 gained the National Silver Award of Excellence 1999 Consecutively honored as “300 Best Small Companies” by Forbes Global Established Microtek Computer Technology (Wu Jiang) Co., Ltd. for product manufacturing
2000	The National Museum (Beijing) reposed Microtek’s Millenarian Memorial Mahogany
2001	ArtixScan 2500f gained the National Gold Award of Excellence 2001
2002	Released the scanner with the photo repair function
2003	ScanMaker 6800 gained the National Gold Award of Excellence 2003
2004	ArtixScan 4000tf gained the National Gold Award of Excellence 2004
2006	Released Auto-focus CCD scanner
2008	Released the flatbed/sheetfed compact scanner
2009	Released the dental X-ray digitizer
2011	Released the high-precision prepress scanner
2015	Released the 600 dpi A1-size flatbed scanner
2016	Released the resolution for digitizing of herbarium specimen
2017	Released the digitizing and management system of human resources documents
2018	Released the USB 3.0 scanning system with multi light sources
2019	Released the scanner exclusively designed for fingerprints gels
2020	Released the standardized industry film scanning system complying

with the ISO-14096

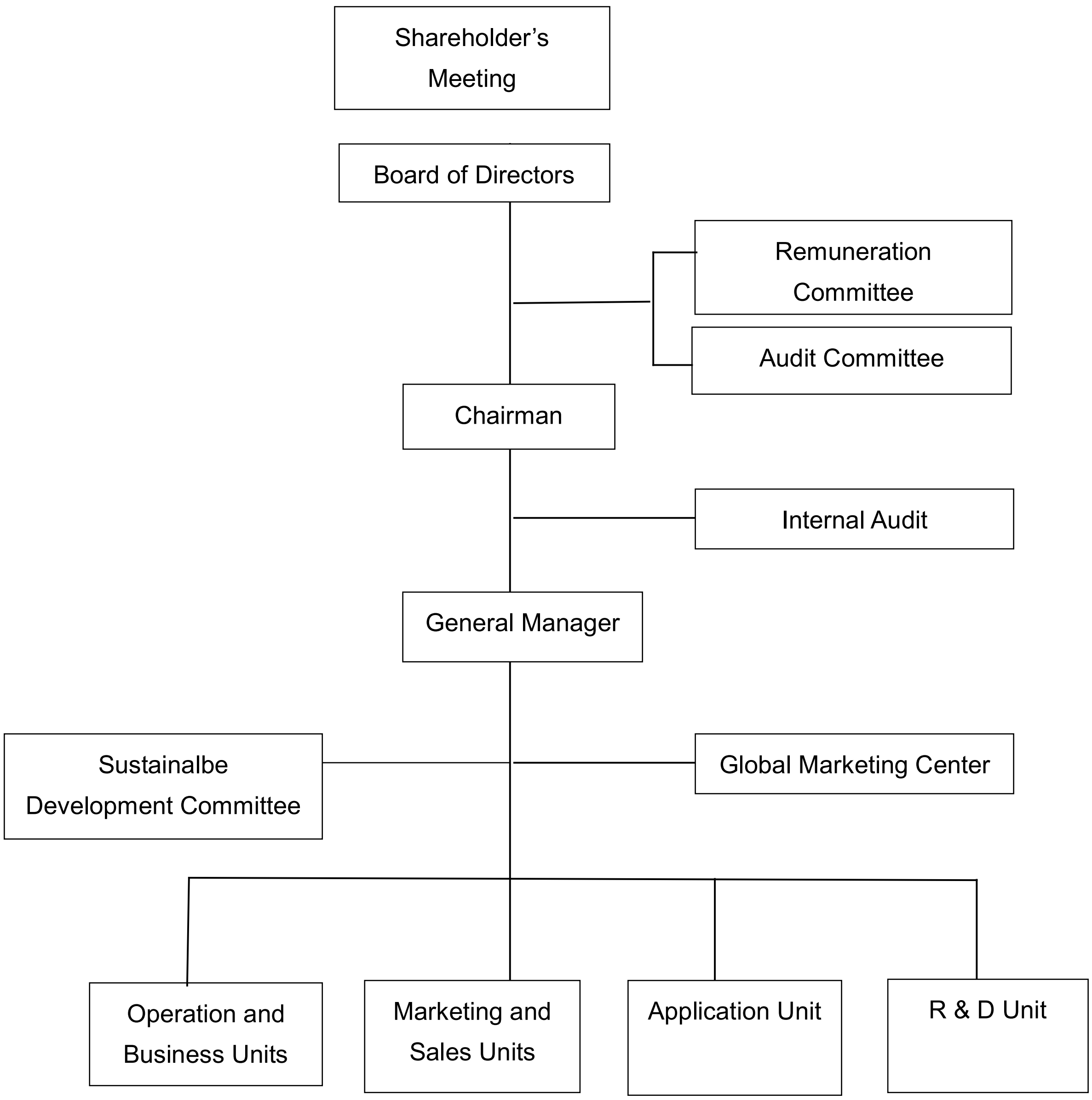
2021 NDT/ RT film digitizer gained BAM international certification

2022 Released the high stability Bio-tech scanner Bio-5050

3. Corporate Governance Report

3.1Organization System

1.Organization Chart



(2) Business Units

Business Units and Assignments

Unit Name	Assignment
Internal Audit	Independently audit the effectiveness and efficiency of goal achievements towards the usage of internal sources.
Sustainable Development Committee	Responsible for formulating the company's sustainable development direction, strategies, and objectives, as well as drafting related management policies and specific implementation plans, tracking, reviewing, and revising the execution.

Unit Name	Assignment
Global Marketing Center	Responsible for collecting, analysis and planning of product information, analysis of customer’s response.
Operation and Business Units	Responsible for managements of productions, materials, finance and accounting.
Marketing and Sales Units	Responsible for collections and analyzations of global markets information; also, responsible for the planning and sales in global markets
Application Unit	Responsible for developing potential application systems in Taiwan and promote it to international market.
R&D Unit	Responsible for the research and development of products.

3.2 Directors and Management Team

3.2.1 Directors

Mar. 28, 2024

Title	Nationality/ Place of Incorporation	Name	Gender/ Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			(Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Paulko Enterprises Co. Ltd.		May 30, 2023	3	Jun. 25 2002	36,201,662	17.60%	36,201,662	17.60%										
Chairman	R.O,C.	Legal Representative Chin-Lai Wu	M 51-60				50,300	0.02%	50,300	0.02%	-	-	-	-	MS in EE, University of Southern California, USA General Instrument Inc.	Representative of Shanghai Microtek Technology Co.,Ltd.	-	-	-	
Director	R.O.C	Legal Representative Hsu Paul A	M 41-50				-	-	-	-	-	-	-	-	Ed. D.in Educational Leadership Program, UCLA	CEO of Lotus Creek Foundation	Director	Cheng-Hsun Hsu	Son/Father	
Director	R.O.C	San Yu Lumber & Plywood Corp.		May 30, 2023	3	May 30 2023	25,053,819	12.18%	30,197,303	14.68%										
		Legal Representative Cheng-Hsun Hsu	M 71-80				5,143,484	2.50%	-	-	-	-	-	-	MS in Business Administration, University of Southern California The first chairman of The Allied Association for Science Park Industries	Representative of San Yu Lumber & Plywood Corp.	Director	Clark / Paul	Son/Father	
		Legal Representative Clark Bob Hsu	M 51-60				-	-	-	-	-	-	-	-	Master of USA Anderson School at UCLA	Vice Chairman of Preferred Bank	Director	Cheng-Hsun Hsu	Son/Father	
Director	R.O.C	Adara International		May 30, 2023	3	Apr. 9 1999	2,934,365	1.43%	2,934,365	1.43%										
		Legal Representative Ching-Hui Hsieh	F 51-60				1,359	-	1,359	-	-	-	-	-	MS in Arts Missouri State University Solomon Technology	General Manager of Microtek International, Inc. Group	-	-	-	
		Legal Representative Po-Tsung Lin	M 61-70				77,206	0.04%	77,206	0.04%	6,419	-	-	-	BS in Business Administration , Fu Jen Catholic University	GM of Marketing and Sales Unit in Microtek International Inc.	-	-	-	

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience （Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			(Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Wei-Lee Chang	M 61-70	May 30 2023	3	May 17 2017	19,772	-	19,772	-	-	-	-	-	MS in Management of Technology, National Chiao Tung University iCAN Project Consultant	-	-	-	-	
Independent Director	R.O.C	Chih-Lee Liu	M 61-70	May 30 2023	3	May 28 2020	4,000	-	4,000	-	-	-	-	-	BS in Public Finance, National Chengchi University Director of Microtek International Inc. (Retired)	-	-	-	-	
Independent Director	R.O.C	Chien-Ru Liu	M 61-70	May 30 2023	3	May 30 2023	-	-	-	-	-	-	-	-	MS in Business Administration, Washington University, General Manager of Microtek International, Inc.(Retired)	-	-	-	-	

Directors are major shareholders of corporate shareholders

Name of Corporate Shareholders	Major Shareholders of Corporate Shareholders
Adara International Inc.	Microtek International Inc. (Shareholding 100%)
Paulko Enterprises Co., Ltd.	Tai-wood Investments Ltd.(Shareholding 100%)
San Yu Lumber & Plywood Corp.	Golden Wood Investments Ltd. (Shareholding 98.10%)

Major shareholders of corporate shareholders are legal persons and these major shareholders are:

Name of the Corporate	Major Shareholders of the Corporate
Tai-wood Investments Ltd.	Woodland Company Ltd (Shareholding 100%)
Golden Wood Investments Ltd.	Woodland Company Ltd (Shareholding 100%)

Professional Qualifications and Independence Analysis of Directors and Supervisors

Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Representative of Paulko Enterprises Co.Ltd. Chin- Lai Wu	1.Expertise and experience：Research and development of image related technology. 2.Other position：Legal representative of Shanghai Microtek Technology Co., Ltd. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	NA	None
Representative of Paulko Enterprises Co. Ltd.- Hsu Paul A	1.Expertise and experience：Leading and management experience of education 2.Other position：CEO of Lotus Creek Foundation. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	NA	None
Representative of San Yu Lumber & Plywood Corp. Cheng-Hsun Hsu	1.Expertise and experience：chairman of the board /leading and management experience of image related business. 2.Other position：Representative of San Yu Lumber & Plywood Corp. 3.Not been an person of any conditions defined in Article 30 of the Company Law.	NA	None
Representative of San Yu Lumber & Plywood Corp. Clark Bob Hsu	1.Expertise and experience：Leading and management experience of image capture business, banking and financing. 2.Other position：Vice Chairman of board of directors of Preferred Bank. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	NA	None

Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Representative of Adara International Inc. Ching-Hui Hsieh	1.Expertise and experience：Administration and material management of image related business. 2.Other position：GM of Microtek International Inc. Group. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	NA	None
Representative of Adara International Inc. Po-Tsung Lin	1.Expertise and experience：Procurement, sales, GM of overseas subsidiary. 2.Other position：GM of Marketing and Sales Units in Microtek International Inc. 3.Not been a person of any conditions defined in Article 30 of the Company Law	NA	None

Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Wei-Lee Chang (Independent Director)	1.Expertise and experience：Sales in image capture business/ management of technology industry/Consultants of new venture business. Been a National Chiao Tung University iCAN Project Consultant. 2.Other position：None. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	1.Director and his spouse, relatives within the second degree of kinship is not director, supervisor, or employee of the corporate and its related party. 2. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 3.Director holds 19,772 shares. 4.Not been a director, supervisor, or employee of a company or institution with specific relationship to the company. 5. Not working in a company or related party which provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years. And have no remuneration in those company. 6. Independence Criteria accords with “Regulations Governing appointment of independent directors and compliance Matters of public companies.”	None

Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chih-Lee Liu (Independent Director)	1.Expertise and experience：financial management. Been a director of financial department in Microtek International Inc.(Retired) 2.Other position：None. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	1. Director and his spouse, relatives within the second degree of kinship is not director, supervisor, or employee of the corporate and its related party. 2. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 3. Director holds 4,000 shares. 4. Not a director, supervisor, or employee of a company or institution with specific relationship to the company 5. Not working in a company or related party which provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years. And have no remuneration in those company. 6.Independence Criteria accords with “Regulations Governing appointment of independent directors and compliance Matters of public companies.”	None

Criteria / Name	Professional Qualification and Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chien-Ru Liu (Independent Director)	1.Expertise and experience：financial and business management. Been a general manager in Microtek International Inc.(Retired) 2.Other position：None. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	1.Director and his spouse, relatives within the second degree of kinship is not director, supervisor, or employee of the corporate and its related party. 2.Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 3. No holding shares. 4. Not a director, supervisor, or employee of a company or institution with specific relationship to the company 5. Not working in a company or related party which provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years. And have no remuneration in those company. 6.Independence Criteria accords with "Regulations Governing appointment of independent directors and compliance Matters of public companies."	None

Diversified policy and independence of board member

(1) Diversified policy: The Rules for Election of Directors should be held with the considerations of the diversification of the Board members; ex: gender, age, nationality. The company's target for the proportion of female directors is 20%. Also professional background (such as, law, accounting, industry, finance, marketing, technology or industrial experience) should be included. The corporation currently has 9 directors, including 3 employee directors, 3 non-employee directors and 3 independent directors. There is one female director currently. Employee directors proportion is 33%, independent directors proportion is 33%, female director proportion is 11%. The tenure of office of two independent directors are 4-6 years and the tenure of office of another independent director is under 3 years. One director is over 70 years old, 4 directors are 60-70 years old, 3 directors are 50-60 years old, and 1 director is under 50 years old. 3 directors have specialty in operating judgement, management capacity and international market viewpoint; 2 directors have specialty in technology industry knowledge; 1 director has specialty in banking and finance ,2 director has specialty in accounting and finance; 1 director has specialty in education.

(2) Independence：There are 9 directors in board of director, including 3 independent directors, proportion is 33%. Independent directors' independence Criteria accords with "Regulations Governing appointment of independent directors and compliance Matters of public companies". There are 6 members of the board of directors who do not have the relations of spouse, relatives within the second degree of kinship.

3.2.2 Management Team

Mar.28,2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C	Ching-Hui Hsieh	F	Nov.8 2019	1,359	-	-	-	-	-	MS in Arts of Missouri State University Solomon Technology	Director of BOD-Shanghai Microtek Technology Co.,Ltd. /Microtek Computer Technology (Wu Jiang) Co., Ltd.	-	-	-	
Business General Manager	R.O.C	Po-Tsung Lin	M	Nov.8 2019	77,206	0.04%	6,419	-	-	-	BS in Business Administration, Fu Jen Catholic University	Director of BOD-Shanghai Microtek Technology Co., Ltd. /Microtek Computer Technology (Wu Jiang) Co., Ltd.	-	-	-	
Vice President	R.O.C	Kuo-Huei Yu	M	Dec.1 2022	89,868	0.04%	-	-	-	-	MS in Technology Business Administration ,National Tsing Hua University	None	-	-	-	
Vice President	R.O.C	Hui-Chuan Tai	M	Dec.1 2022	-	-	-	-	-	-	MS in Information Science, Fo Guang University	None	-	-	-	
Director	R.O.C	Ya-Ming Lee	F	Jun.8, 2000	12	-	-	-	-	-	BS in Accounting, National Chengchi University Prime Technology	None	-	-	-	
Director	R.O.C	Harn-Jou Yeh	M	Jan.4 2013	1,812	-	-	-	-	-	Ph.D., Mechanical Engineering, The University of Iowa	None	-	-	-	
Director	R.O.C	Kuo-Kuei Kao	M	Jan.1 2017	-	-	-	-	-	-	Tungnan Junior College	None	-	-	-	
Director	R.O.C	MingZhen Chen	M	Oct.1 2017	-	-	-	-	-	-	BS in Industrial Engineering ,Chung Yuan Christian University	None	-	-	-	
Director	R.O.C	Chin-Shan Tien	M	Nov.1 2018	-	-	-	-	-	-	MS in Applied Mathematics , National Chung Hsing University	None	-	-	-	
Director	R.O.C	Hung-Chen Wang	M	Nov.1 2018	14,894	0.01%	7,430	-	-	-	BS in Electrical Engineering, National Sun Yat-sen University	None	-	-	-	

Title	National-ity	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C	Yi-Hsuan Su	M	June.1 2022	-	-	-	-	-	-	Tatung Institute of Technology	None	-	-	-	
Manager	R.O.C	Lee-Ying Chu	F	Mar.10 2020	254	-	-	-	-	-	BS in Accounting, Feng Chia University	None	-	-	-	

3.3 Remuneration of Directors, Independent Directors, President, and Vice Presidents

3.3.1 Remuneration of Directors and Independent Directors

Unit : NT$K

Title	Name	Remuneration								Total Remuneration and Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employ								Total Compensation and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Director	Representative of Paulko Enterprises Co. Ltd. Chin-Lai Wu																					
Director	Representative of Paulko Enterprises Co. Ltd. Hsu Paul A																					
Director	Representative of San Yu Lumber & Plywood Corp. Cheng- Hsun Hsu	0	0	0	0	0	0	1,650	1,650	1,650 24%	1,650 24%	8,664	8,664	216	216	0	0	0	0	10,530 155%	10,530 155%	0
Director	Representative of San Yu Lumber & Plywood Corp. Clark Bob Hsu																					
Director	Representative of Adara International Inc. Ching-Hui Hsieh																					
Director	Representative of Adara International Inc. Po-Tsung Lin																					

Title	Name	Remuneration								Total Remuneration and Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employ								Total Compensation and ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Indepen-dent Director	Wei-Lee Chang	0	0	0	0	0	0	910	910	910 13%	910 13%	0	0	0	0	0	0	0	0	910 13%	910 13%	0
Indepen-dent Director	Chih-Lee Liu																					
Indepen-dent Director	Chien-Ru Liu																					

1.Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration：The corporate still has accumulated losses and does not have a remuneration system for independent directors, it will only pay for the traveling expenses when a meeting held.

2.In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies (ex. parent company, companies included in the consolidated financial statements, non-employee consultants of investment companies.：None.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT$1,000,000	Chin-Lai Wu, Hsu Paul A ,Cheng-Hsun Hsu, Clark Bob Hsu, Ching-Hui Hsieh, Po-Tsung Lin, Wei-Lee Chang, Chih-Lee Liu, Chien-Ru Liu	Chin-Lai Wu, Hsu Paul A ,Cheng-Hsun Hsu, Clark Bob Hsu, Ching-Hui Hsieh, Po-Tsung Lin, Wei-Lee Chang, Chih-Lee Liu, Chien-Ru Liu	Hsu Paul A ,Cheng-Hsun Hsu, Clark Bob Hsu, Wei-Lee Chang, Chih-Lee Liu, Chien-Ru Liu	Hsu Paul A ,Cheng-Hsun Hsu, Clark Bob Hsu, Wei-Lee Chang, Chih-Lee Liu, Chien-Ru Liu
NT$1,000,000～NT$1,999,999	-	-	-	-
NT$2,000,000～NT$3,499,999	-	-	Chin-Lai Wu , Ching-Hui Hsieh Po-Tsung Lin	Chin-Lai Wu , Ching-Hui Hsieh Po-Tsung Lin
NT$3,500,000～NT$4,999,999	-	-	-	-
NT$ 5,000,000～NT$9,999,999	-	-	-	-
NT$10,000,000～NT$14,999,999	-	-	-	-
NT$15,000,000～NT$29,999,999	-	-	-	-
NT$30,000,000～NT$49,999,999	-	-	-	-
NT$50,000,000～NT$99,999,999	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	9	9	9	9

3.3.2 Remuneration of the President and Vice Presidents

Unit : NT$K

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Total remuneration and Ratio of total remuneration (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General Manager	Ching- Hui Hsieh	9,008	9,008	403	403	-	-	-	-	-	-	9,411 138%	9,411 138%	-
Business GM	Po-Tsung Lin													
Vice President	Kuo-Huei Yu													
Vice President	Hui-Chuan Tai													

Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements (E)
Under NT$1,000,000	-	- -
NT$1,000,000～NT$1,999,999	Kuo-Huei Yu, Hui-Chuan Tai	Kuo-Huei Yu, Hui-Chuan Tai
NT$2,000,000～NT$3,499,999	Ching- Hui Hsieh,Po-Tsung Lin	Ching- Hui Hsieh,Po-Tsung Lin
NT$3,500,000～NT$4,999,999	-	-
NT$ 5,000,000～NT$9,999,999	-	-
NT$10,000,000～NT$14,999,999	-	-
NT$15,000,000～NT$29,999,999	-	-
NT$30,000,000～NT$49,999,999	-	-
NT$50,000,000～NT$99,999,999	-	-
Over NT$100,000,000	-	-
Total	4	4

Employee Compensation

31-Dec-2023

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	General Manager	Ching-Hui Hsieh	None	None	None	None
	Business GM	Po-Tsung Lin				
	Vice President	Kuo-Huei Yu				
	Vice President	Hui-Chuan Tai				
	Director	Ya-Ming Lee				
	Director	Harn-Jou Yeh				
	Director	Kuo-Kuei Kao				
	Director	Ming-Zheng Chen				
	Director	Chin Shan Tien				
	Director	Hung-Chen Wang				
	Director	Yi-Hsuan Su				
	Manager	Lee-Ying Chu				

3.3.3 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents：

The decrease of total remuneration paid to the directors in last year is due to employee director's labor severance pay in 2022 and no labor severance pay in 2023. There is no significant difference for total remuneration paid to the president and vice president in the last two years.

Year	Total remuneration paid to directors, (Unit:NT$K)		Ratio of total remuneration paid to directors in net income (%)	
	The corporation	Companies in the consolidated financial statements	The corporation	Companies in the consolidated financial statements
2023	11,440	11,440	168%	168%
2022	16,470	16,470	132%	132%

Year	Total remuneration paid to president and vice presidents(Unit:NT$K)		Ratio of total remuneration paid to president and vice presidents in net income (%)	
	The corporation	Companies in the consolidated financial statements	The corporation	Companies in the consolidated financial statements
2023	9,411	9,411	138%	138%
2022	9,060	9,060	73%	73%

It is stipulated in the Article 16 of the Articles of Incorporation that the Compensation Committee shall have the power to determine the remuneration of directors based on how a director participates and contributes in the Corporation's operation and with reference to the standards implemented by the other companies in the same industry." However, since the corporation's profit is not up to the standard, the directors currently do not receive regular remuneration except for the traveling expenses when they attend a meeting of the board of directors each time.

It is stipulated in the Article 27 of the Articles of Incorporation that if the Corporation gains profits in the year, determined by the Board of Directors, the Corporation shall set aside two percent (2%) to ten percent (10%) of the profits as the remuneration for employees. However, if the Company has accumulated loss, certain amount to offset such loss shall be set aside in advance. In addition, the aforementioned remuneration for employees can be distributed by stocks or cash. If there is surplus after the aforementioned remuneration has been distributed, suggested by the Compensation Committee and determined by the Board of Directors, not more than three percent (3%) of the aforementioned surplus shall be paid as the remuneration for the directors.

The remuneration paid by the corporation to managers is based on their educational backgrounds, work experiences and references to the salaries paid in the same industry; also, it refers to the proportion of powers and responsibilities of the position, the achievement of personal performance and the contribution to the company's operating goals, and the risk of the position. Ex. achievement of sales, profit, result of research and development, regulation compliance, internal control implement and formulate reasonable remuneration policy.

As the corporation still has accumulated losses, it currently does not pay to employees, managers and directors as mentioned in accordance with the Article 27 of the Articles of Incorporation.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

Six meetings of the Board of Directors were held in total in the recent year.
The attendance of the directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Representative of Paulko Enterprises Co.Ltd. Chin-Lai Wu	6	0	100%	
Director	Representative of Paulko Enterprises Co.Ltd. Hsu Paul A	5	1	83%	
Director	Representative of San Yu Lumber & Plywood Corp. Cheng- Hsun Hsu	5	0	83%	
Director	Representative of San Yu Lumber & Plywood Corp. Clark Bob Hsu	4	2	66%	
Director	Representative of Adara International Inc. Ching-Hui Hsieh	6	0	100%	
Director	Representative of Adara International Inc. Po-Tsung Lin	6	0	100%	
Independent Director	Wei-Lee Chang	6	0	100%	
Independent Director	Chih-Lee Liu	6	0	100%	
Independent Director	Shing-Lon Wang	3	0	100%	Expired On May 27,2023
Independent Director	Chien-Ru Liu	3	0	100%	Newly appointed on May 30,2023

Other matters：

1.If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1)Matters referred to in Article 14-3 of the Securities and Exchange Act.

The Board of Directors	Proposal Contents	Opinions of All Independent Directors and How the Corporation Deals with These Opinions
14th round of the 16th session, held on March 14 2023	1. Pass the appointment and remuneration of a certified public accountant. Resolution: Approved by all independent directors.	Approved and carried by all independent directors

(2)Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors：None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
3. Information about the evaluation cycle and period, evaluation scope, method and evaluation items of the board of directors or its peers.

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items
Once a Year	1- Jan- 2023 ~31-Dec- 2023	(a)Board of Directors (b)Individual director (c)Audit committee (d) Remune-ration committee	(a)internal evaluation by the Board of Directors (b)self-evaluation by directors (c) internal evaluation by functional committees	(a) The performance evaluation of the board of directors: The degree of participation in the corporation's operations, the quality of decisions, the composition and structure of the board, the selection and continuous education of directors, and internal control. Results: In addition to not all attending the shareholders meeting, directors have complete their duties in the degree of participation in the corporation's operations, the quality of decisions, the composition and structure of the board, the selection and internal control. (b) Self-performance evaluation of directors: Mastery of corporation goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuing education, internal control. Results: directors have completed their duties in

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Items
				mastery of corporation goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, professional specialty and internal control (c) Evaluation of audit committee and remuneration committee: Participation in the company's operations, awareness of the responsibilities of functional committees, decision-making quality, committee composition and member selection, internal control. Results: Functional committees have complete their duties in participation in the company's operations, awareness of the responsibilities of functional committees, decision-making quality, committee composition and member selection, internal control.

4.Evaluate goals for strengthening functions of the board of directors (ex. Setting up an audit committee, enhancing information transparency, and so on) and operating status in the current year and the recent year:

(1)There are 9 directors appointed in 2023 by corporation. When appointing these directors, the corporation adopts a diversified policy. These directors have diversified professions, capabilities and experience; thus, they can give full play to their strategic guidance functions in directing corporation business.

(2)The board of directors convenes at least once a quarter to review business performance and important decisions. A total of 6 meetings were held in 2023 with an average attendance rate of 93%.

(3)The Audit Committee and the Remuneration Committee should hold periodic meetings to supervise the operations of the corporation and to strengthen the management functions. A total of 5 audit committee meetings were held in 2023.A total of 2 remuneration committee were held in 2023. Average attendance rate is 100%.

3.4.2 Audit Committee

1. The Audit Committee is composed of three independent directors. The Audit Committee aims to assist the Board of Directors in supervising the financial statement process, the effective implementation of the corporation's internal control, compliance with laws and regulations, and corporation risk control.

   The Committee's primary duties and responsibilities are the following items:

   (1) Setting up or revising internal control standards in accordance with Article 14-1 of the Act.
   (2) Auditing the effectiveness of internal control standards.
   (3) Setting up or amending material financial procedures in acquisition and disposal of fixed assets, transactions of financial derivatives, loans, endorsements and guarantees in accordance with Article 36-1 of the Act.
   (4) Matters that involve personal interests of directors.
   (5) Material transactions of assets or financial derivatives.
   (6) Material loans, endorsements or guarantees.
   (7) Public offering or private placement of equity linked securities.
   (8) Engaging and removing the Company's independent auditors and accessing such auditors' remuneration, qualification, independence and performance.
   (9) Appointing or removing managers of finance, accounting and internal auditing divisions
   (10) Annual financial report duly signed or sealed by the chairman, general manager, and accounting officer, and the Q2 financial report required to be audited and attested by a certified public accountant (CPA).
   (11) Other material items related to the Corporation or government agencies.

2. Operations and Major resolutions of the Audit Committee:

   (1) Review Financial Reports

   The corporation's year 2023 business report, individual financial statement, consolidated financial statement, and profit and loss supplementary statement have been reviewed by the Audit Committee and found that there is no discrepancy.

   (2) Assess the Effectiveness of the Internal Control System

   The Audit Committee regularly reviews internal audit reports and communicates with the management, and conducts inspections through the operation cycle and various management systems to evaluate the effectiveness of the corporation's internal control, risk control and compliance with laws and regulations.

3. Operating Situations in Recent Years:

The Audit Committee held 5 meetings in the recent year and the attendance of the independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent director	Wei-Lee Chang	5	0	100%	
Independent director	Chih-Lee Liu	5	0	100%	
Independent director	Shing- Lon Wang	2	0	100%	Expired on May 27,2023
Independent director	Chien-Ru Liu	3	0	100%	Newly appointed on May 30,2023

Other mentionable items：

(1) If any of the following circumstances occurs, the dates of meetings, sessions, contents of motions, objections, reservations or major matters proposed by independent directors, resolutions of the Audit Committee and the Corporation’s response to the Audit Committee’s opinion should be specified:

A. Matters referred to in Article 14-5 of the Securities and Exchange Act.：

The Audit Committee	Proposal Contents	Opinions of All Independent Directors and How the Corporation Deals with These Opinions
13th round of the 2nd session, held on Mar. 14 2023	1.Approve the Financial Statements of the Year 2022 Resolution: Approved by all attendant members of the Audit Committee. 2.Approve the appointment and remuneration of a certified public accountant. Resolution: Approved by all attendant members of the Audit Committee. 3.Approve “The Declaration of the Internal Control System of the Year 2022”. Resolution: Approved by all attendant members of the Audit Committee.	Approved by all independent directors.
14th round of the 2nd session, held on May 10 2023	1. Approve the first quarter’s Financial Statement of the Year 2023. Resolution: Approved by all attendant members of the Audit Committee.	Approved by all independent directors

The Audit Committee	Proposal Contents	Opinions of All Independent Directors and How the Corporation Deals with These Opinions
2nd round of the 3rd session, held on Aug. 8 2023	1. Approve the second quarter's Financial Statement of the Year 2022 Resolution: Approved by all attendant members of the Audit Committee.	Approved by all independent directors
3rd round of the 3rd session, held on Nov. 7 2023	1. Approve the third quarter's Financial Statement of the Year 2022. Resolution: Approved by all attendant members of the Audit Committee.	Approved by all independent directors

B. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors. ：None。

(2) If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

(3) Communications between the independent directors, the Corporation's chief internal auditor and CPAs:

A. Communications between the independent director and CPAs: CPAs shall report to the independent directors at least once a year on the review of the Corporation's overall financial statements, whether there are adjustment entries, suggestion of internal control and the impact of legal amendments on the company. The communication situation is as the followings:

Date	Communication Matters	Communication Results
Mar. 14 2023	Auditing scopes of consolidated financial statement of the year 2022, responsibilities and independence of CPAs, key audit matters, updates of important regulations and explanation of audit quality index.	Independent directors and internal audit fully understand the audit plan of CPAs.

B. Communications between the independent directors and the internal auditor: The internal audit conducts internal audit operations every month and prepares written reports to present to the audit committee. The communication situation is as the followings:

Date	Communication Matters	Communication Results
Mar. 14 2023	The 1st communication meeting in 2023.	Opinions of Independent Directors: All audit reports are executed according to the annual audit plan, and any internal control deficiencies or abnormal events are followed in accordance with

Date	Communication Matters	Communication Results
		the necessary corrective measures or improvement plans. Ensuring the implementation of internal audit functions.
Aug. 8 2023	The 2nd communication meeting in 2023.	Opinions of Independent Directors: (1) The real estate and environmental safety management of Shanghai Microtek Technology: Company relies primarily on leasing income, but with increased management risks, there is a need to enhance management quality and property management capabilities. It is recommended to develop short, medium, and long-term plans to achieve risk reduction goals. (2) Currently, there is an increase in economic and political risks in mainland China. Therefore, proper risk management should be implemented concerning financial investment products. (3) Shanghai Joinwit Optoelectronic Tech Co., Ltd.'s current sales and profits are the main sources of the company's consolidated financial statements. However, ERP system has not yet to be implemented, resulting in a continuous decline in internal control quality and increased management risks. Shanghai Joinwit Optoelectronic Tech Co., Ltd. is a subsidiary of Shanghai Microtek Technology, it is recommended to increase Shanghai Microtek Technology 's direct audit of Shanghai Joinwit Optoelectronic Tech Co., Ltd. ensure operational management.

Attendance of Supervisors at Board Meetings：Not Applied.

3.4.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Corporation has provided for "Corporate Governance Best Practice Principles" and disclosed them in the official website.	No Difference
2.Shareholding structure & shareholders' rights				No Difference
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Corporation has set up a spokesman system which responsible for dealing with requests and suggestions from shareholders. Also, the Corporation has appointed the professionals and the legal units to deal with disputes and litigations.	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Corporation has dominated the major shareholders.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Corporation has provided for "Procedures for Supervisions and Management of Subsidiaries". The internal audit committee and management should regularly implement internal audit and control operations.	
(4) Does the company establish internal rules against insiders trading with undisclosed	V		(4) The Corporation has formulated "Procedures for Handling Material Inside Information" and	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
information?			"Insider Trading Rules", promoting the prohibition of insider trading for current directors, managers and employees at least once a year. The Corporation provides educational advocacy for new directors within 3 months after taking office and properly propagates new recruits during training.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy, specific goals for the composition of its members?	V		(1) The Rules for Election of Directors should be held with the considerations of the diversification of the Board members; ex: gender, age, nationality. The company's target for the proportion of female directors is 20%. Also professional background (such as, law, accounting, industry, finance, marketing, technology or industrial experience) should be included. The corporation currently has 9 directors, including 3 employee directors, 3 non-employee directors and 3 independent directors. There is one female director currently. Employee directors proportion is	No Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
			33%, independent directors proportion is 33%, female director proportion is 11%. The tenure of office of two independent directors are 4-6 years and the tenure of office of another independent director is under 3 years.1 director is over 70 years old, 4 directors are 60-70 years old, 3 directors are 50-60 years old, and 1 director is under 50 years old. 3 directors have specialty in operating judgement, management capacity and international market viewpoint; 2 directors have specialty in technology industry knowledge; 1 director has specialty in banking and finance, 2 directors have specialty in accounting and finance and 1 director has specialty in education.	.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) It will be carried out after evaluated.	The board of directors has carried out all enterprise management decision-making
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of	V		(3) The corporation has formulated a performance evaluation method for the board of directors, which should be evaluated once a year. The evaluation	No Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
Directors and referenced when determining the remuneration of individual directors and nominations for reelection?			methods include evaluation of the board of directors, self-evaluation of directors and performance evaluation of functional committees. Evaluation indicators include the degree of participation in the corporation's operations, awareness of professional responsibilities, composition of the board of directors, decision-making quality, continuous education, and internal control. Directors have complete their duties. The results of the performance evaluation will be reported to the board of directors and used as a reference for the nomination of individual directors. At present, all the directors of the corporation have not received remuneration except for traveling allowance when they attended a meeting each time.	
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The board of the company evaluate the audit quality of CPA's and its audit team in accordance with Audit Quality Index.It also evaluates the independence of the item listed below in the meeting of the board of directors every year:	No Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
			A. The directors and employees of the corporation are not partners, managers or employees of the accounting firm. B. The corporation does not invest in the accounting firm and does not have any capital loan transactions with it. C. The partners and managers of the accounting firm do not hold more than 5% of the corporation's shares. D. The partners and managers of the accounting firm do not serve as directors, supervisors or major shareholders of the companies who have specific financial and business dealings with the corporation.	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The following business was being implemented in 2023 by corporate governance supervisor: (1) Draft the agenda of the board of directors and notify the directors seven days in advance, convene a board of directors meeting, provide meeting materials and prepare minutes after the meeting. (2) Handle the pre-registration for the date of the shareholders' meeting and prepare the meeting notice, meeting handbook and meeting minutes of the shareholders' meeting.	No Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
			(3) Handle amendments of articles of the incorporation. (4) Assist independent directors to meet with accountants and internal audit to understand the financial and operational situations of the corporation. (5) Assist in independent directors to attend continuous training courses. (6) Review whether it is necessary to release material information after the board of directors has been held. (7) Cooperating with the corporate governance laws, revise relevant measures and regulations of the corporation. (8) Assist directors to understand corporate governance codes and conditions. In 2023, the governance supervisor had participated in courses such as" The practice and development for compliance of corporate governance regulation", "The function and responsibility of governance staff in governance frame" , "2023 insider shares transfer regulation compliance seminar". The total course is 9 hours.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The corporation has created "Investors" section in its official website in which investors, customers and suppliers can communicate and exchange opinions.	No Difference
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The corporation assigns a professional stock agency to handle the affairs related to shareholders' meetings.	No Difference
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The corporation has created an official website in which corporate business, financial information and corporate governance are revealed in details.	No Difference
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The corporation assigns a specific person to collect and disclose the corporate information and implements a spokesman system. The video of Investor conference had been uploaded to the website of the company.	No Difference
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as		V	(3) The corporation has not announced its financial statements earlier yet; however, it declares quarterly financial statements and the operation status of each month in a	Cooperate with laws and regulations.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
well as monthly operation results, before the prescribed time limit?			prescribed period of time.	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V V V V V V		(1) Employee Rights: The corporation hires and manages its employees in accordance with the Labor Standards Law; also, it should guarantee the legal rights of employees. (2) Employee Wellness: The corporation should provide a good working environment and on-site job trainings; also, it should set up the Employees' Welfare Committee to take care of wellness of employees. (3) Investor Relations: The corporation should set up a spokesman system and provide good communication channels (4) Supplier Relations: The corporation should maintain good relationships with suppliers and create business opportunities together. (5) Stakeholder Rights: Stakeholders who have suggestions to the corporation should be able to communicate with the corporation directly. (6) Advanced Studies of Directors: The corporation's directors have a level of proficiency in business, finance,	No Difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
			manufacturing, technology, operation or management. Also, the corporation regularly update the written information relevant to the corporate governance laws to the directors for references.	
	V		(7) Risk Management Policy and Risk Measurement Standards: The corporation has established various operating regulations and management systems which authorize supervisors in all levels with limited terms of reference. The corporation should also perform internal audits regularly.	
	V		(8) Customer Policies: The corporation continuously contacts with new customers, maintain good relationships with existed customers and earn profits together.	
	V		(9) Purchase Liability Insurance for Directors and Supervisors: The corporate has purchased the liability insurance for directors.	
9.Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement	V		(1) The improved items in the Corporate Governance Evaluation System of the year of 2023 are listed as the follows: A. The disclosure of website information. (2) The priority should be strengthened in the	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Yes	No	Abstract Illustration	
measures.			Corporate Governance Evaluation System: A. Strengthen the disclosure of website information.	

3.4.4 Composition and Operations of the Remuneration Committee

1.Professional Qualifications and Independence Analysis of Remuneration Committee Members

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Criteria / Name	Professional Qualification and Experience	Independence Criteria
Wei-Lee Chang (Independent Director)	1.Expertise and experience：Sales in image capture business / management of technology industry/Consultant of new venture business. Been a National Chiao Tung University iCAN Project Consultant. 2.Other position：None. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	1.Director and his spouse, relatives within the second degree of kinship is not director, supervisor, or employee of the corporate and its related party. 2.Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 3.Director holds 19,772 shares. 4.Not a director, supervisor, or employee of a company or institution that has a specific relationship with the company. 5.Not working in a company or related party which provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years. And have no remuneration in those company. 6. Independence Criteria accords with "Regulations Governing appointment of independent directors and compliance Matters of public companies."

Criteria / Name	Professional Qualification and Experience	Independence Criteria
Chih-Lee Liu (Independent Director)	1.Expertise and experience：financial management. Been a director of financial department in Microtek International Inc.(Retired) 2.Other position：None. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	1. Director and his spouse, relatives within the second degree of kinship is not director, supervisor, or employee of the corporate and its related party. 2. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 3. Director holds 4,000 shares. 4. Not a director, supervisor, or employee of a company or institution that has a specific relationship with the company 5. Not working in a company or related party which provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years. And have no remuneration in those company. 6. Independence Criteria accords with “Regulations Governing appointment of independent directors and compliance Matters of public companies.”

Criteria / Name	Professional Qualification and Experience	Independence Criteria
Chien-Ru Liu (Independent Director)	1.Expertise and experience：financial and business management. Been a general manager in Microtek International Inc.(Retired) 2.Other position：None. 3.Not been a person of any conditions defined in Article 30 of the Company Law.	1. Director and his spouse, relatives within the second degree of kinship is not director, supervisor, or employee of the corporate and its related party. 2. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. 3. No holding shares. 4. Not a director, supervisor, or employee of a company or institution that has a specific relationship with the company 5. Not working in a company or related party which provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company in the past 2 years. And have no remuneration in those company. 6. Independence Criteria accords with “Regulations Governing appointment of independent directors and compliance Matters of public companies.”

2. Operation of Remuneration Committee Meetings

(1) There are 3 members in the Remuneration Committee.

(2) The members three-year term starts from May 30,2023 and conclude on May 29, 2026. A total of 2 Remuneration Committee meetings were held in the previous year.

The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Wei- Lee Chang	2	-	100%	
Committee Member	Chih- Lee Liu	2	-	100%	
Committee Member	Shin-Lon Wang	1	-	100%	Expired on 27 May, 2023
Committee Member	Chen- Lu Liu	1	-	100%	Newly Appointed on 30 May,2023

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (ex., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(3) Duties and Responsibilities of the Remuneration Committee:

The function of the corporation's remuneration committee is to review the remuneration policy, system, standards, and structure for directors, supervisors and managerial officers from objective perspectives. The main duties and responsibilities are as follows：

A. Prescribe and periodically review the remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
B. Set up the remuneration items and payment standards.
C. Periodically review the performance evaluation of directors, supervisors and managerial officers, and the remuneration and benefits.
D. Supervise changes in the corporation's remuneration system and external remuneration payment standards.

(4) Proposals of the Remuneration Committee Meetings

Date of the Remuneration Committee Meeting	Proposal	Resolution	Action
Mar. 14, 2023	1.The performance evaluation and remuneration for managers above director's level. 2.Non-distribution of employees' bonus and directors compensation.	Approved by all members of the Remuneration Committee.	It's submitted to the Board of Directors and approved by all members.
Nov. 7, 2023	1.The performance evaluation and remuneration for managers above director's level.	Approved by all members of the Remuneration Committee.	It's submitted to the Board of Directors and approved by all members.

3.4.5 Fulfillment of Sustainable Development and Deviations from the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies"

Project Item	Implementation Status			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Y	N	Abstract Explanation	
1.Does the company build the governance structure of sustainable development, establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The company establishes "Sustainable Development Committee" been supervised by board of directors, pointing general manager as CEO. Sustainable Development Committee includes governance group, environment group and social group. Each group formulates the task plan, holds meeting periodically and report in board of directors annually. "Sustainable Development Committee" has reported the performance of sustainable development including protection of environment ,social responsibility and corporate governance in board of directors on Nov.7 2023.	No difference.
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		The company establishes "Risk Management Team" and formulates policy of risk management. The manage scope includes environment, social and corporate governance. The valuation results of ESG policy is as followings: The company has few assembly production, the number of employee	No difference.

Project Item	Implementation Status			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Y	N	Abstract Explanation	
			is under 100. There is no much water and electricity consumed. No sewage, no air pollution, no soil pollution in the company. The company hire and take care employees according to labor law, value shareholder's interest. There is no material risk which cause damage to stakeholders.	
3. Environmental issues (1)Does the company establish proper environmental management systems based on the characteristics of their industries?	V		Microtek has obtained ISO 14001 certification in 2008. Since products of the company is Information technology, no matter the material itself or the manufacturing and sales process, there will be no serious environmental hazards, and no noise or harmful gas emission, So the risk in management and operation is relatively low. The focus of the environmental management operation is as following: 1. Material selection: The company's products are designed and manufactured with materials that comply with the EU RoHS directive and conform to world standards. 2. Producing control: The company has a clean	

Project Item	Implementation Status			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Y	N	Abstract Explanation	
			room, and the main assembly operations are completed indoors. The soldering process has used lead-free operations, and no harmful solvents are used. No harmful gases and annoying noises will be generated during the production process, and the environmental conditions are regularly monitored. Waste such as: carton boxes, plastic bags, polaroid, waste solder, etc., are collected and handed over to qualified waste disposal companies for recycling. 3. Disposal of domestic waste: Waste paper, various bottles and cans, and packaging are also collected and handed over to the management unit of the Science park for treatment, and the domestic wastewater is also treated by the Science park management unit in a unified manner, in line with relevant regulations. The company's certification for its environmental management system is ISO 14001:2015. The	

Project Item	Implementation Status			Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason
	Y	N	Abstract Explanation	
			current certificate is valid until June,2026.	
(2)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		The company committees to promoting green and environmental protection. From selections of materials for product design and manufacturing to marketing sales and corporate operations, the corporation always puts the energy-saving and environmental protection at the first position. All products should comply with the standards, such as WEEE. RoHS, Eup and so on.	
(3)Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		The “Sustainable Development Committee” is responsible for climate change. The company follows policy of green intelligence and cycling economic. The company continues to promote a low-carbon and friendly environment policy, reduce the greenhouse effect, and develops green products to reduce the impact of climate change.	
(4)Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies	V		1.The greenhouse gas, water consumption, weight of waste: A. Scope 1 greenhouse gas emissions was 3 tons and 4 tons in years of 2022 and 2023	

Project Item	Implementation Status			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Y	N	Abstract Explanation	
on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?			respectively. Scope 2 greenhouse gas emissions was 653 tons and 584 tons in years of 2022 and 2023 respectively, which are expected to be reduced by 3% in 2024. B. Water consumption was 4 thousand tons in years of 2022 and 2023, which are expected to be reduced by 3% in 2024. C. The total harmless waste was 1.8 tons and 1.1 tons in years of 2022 and 2023 respectively. The harm waste was 0.8 tons and 2 tons in years of 2022 and 2023 respectively, which are expected to be reduced by 3% in 2024. 2.The corporation makes monthly statistics on greenhouse gas emissions and water consumption. Trained by education and publicity, the corporation tries its best to implement energy-saving and carbon-reduction policies by reducing spikes in electricity consumption during the day, replacing electronic power-saving ballasts and lamps,	

Project Item	Implementation Status			Deviations from “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason
	Y	N	Abstract Explanation	
			reusing water resources and so on.	
4.Social issues (1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The company follows universal declaration of human rights, international labor organization and make work rules, policy of human rights. Including: Anti-discrimination, no child labor, labor and wage, freedom of employment, forced labor prohibition, equal treatment, health and safety of environment, job training and development.	
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and does business performance or results reflect on employee salaries?	V		1. The corporation provides employees with reasonable remuneration based on industry average salary; also, it allocates labor insurances, health insurances, retirement funds and vacations to employees according to the laws. The company offers special festivals bonus, scholarship of employee’s children every semester. Female employee portion is 38%. Senior manager employee portion is 13%. 2. The Articles of the Incorporation have stipulated that if the corporation makes a profit, it should provide a certain percentage of surplus to	

Project Item	Implementation Status			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Y	N	Abstract Explanation	
			distribute as employees' compensations.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		1. The corporation formulates safety and health regulations, which include work safety, fire safety, access management, first aid treatment, work safety regular inspection standards and so on. Also, it deploys professional work safety personnel to provide employees with a safe and healthy working environment. For new colleagues, the corporation will arrange industrial safety and health education courses; for other colleagues, the corporation will regularly arrange civil defense regiment training, firefighting training courses and other more training courses. 2. The company inspects high voltage electricity once a half year. The latest inspection date is in August 2023. The company inspects drinking water once a month. The latest inspection date is in December 2023. The company inspects operating environment once a half year. The latest inspection date is in	

Project Item	Implementation Status			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Y	N	Abstract Explanation	
			September 2023.The company inspects fire safety facility once a month and contracts professional organization for inspection once a year. The latest inspection date is in September 2023. The company maintains elevator safety once a month and contracts professional organization for inspection once a year. The latest inspection date is in August 2023. 3. There are no occupational injuries. 4. There is no fire incident.	
(4)Does the company provide its employees with career development and training sessions?	V		Employees are able to discuss career development plans with their supervisors when a performance appraisal is holding. Every month, the corporation arrange training courses for employees based on professional projects of each department.	
(5)Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and	V		The products sold by the corporation are in compliance with the international safety standards and certifications. The sales and marketing of the products follow business norms and there is no	

Project Item	Implementation Status			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Y	N	Abstract Explanation	
labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?			false advertising. All products have terms of warranty. When customers have any questions towards the usage, maintenance or warranty of products. They can consult with the corporation via the official website or telephone.	
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.		V	When purchasing raw materials, the corporation has made clear requirements towards specifications and safety standards. Also, the corporation has set up an evaluation system for choosing suppliers in order to conduct on-site inspections of its product resources and production processes.However, the company does not ask supplier to follow regulations about environmental protection, occupational safety and health, labor human rights.	It is expected to be completed within one year.
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate sustainability report?	V		The company has completed and filed "2022 Sustainability Report" in Sep. 2023 which has been uploaded to website of the company.	
Do the reports above obtain assurance		V	The Report had not been verified and assuranced	It will be the plan of

Project Item	Implementation Status			Deviations from "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies" and Reason
	Y	N	Abstract Explanation	
from a third party verification unit?			by third party verification unit yet.	"Sustainable Development Committee" and expected to be completed within one year.
6.Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: Sustainable Development principles are not established yet.				
7.Other useful information for explaining the status of corporate sustainable development practices: None.				

3.4.5.1 The action of the company for climate change risks and opportunities：

ITEM	Implementation Status
1.Describe the supervision and governance of climate-related risks and opportunities by the board of directors and management	(1) The company has established a Sustainable Development Committee and Risk Management Team, reporting on execution status to the board of directors at least once a year. (2) The Sustainable Development Committee reviewed by the board of directors supervises the company's sustainable development management policies, strategic objectives, and execution, with the operating unit regularly reporting progress to the board of directors. (3) The Risk Management Team, chaired by the general manager, promotes the integration of environmental impact reduction concepts into various stages of the product life cycle, formulates waste disposal policies, and continues to advocate for energy conservation and carbon reduction to comply with government policies on zero carbon emissions and the European Union's Carbon Border Adjustment Mechanism (CBAM), reporting execution status to the board of directors annually.
2.Describe how to affect the company's business, strategy, and finance (short-term, medium-term, long-term risk) by the identified climate risks. Summaries are as follows:	(1)Risks: A.Short-term risks: Typhoons, floods causing operational losses. These extreme weather events can lead to decreased or interrupted production capacity (such as production stoppages, transportation difficulties, supply chain interruptions), damaged operational assets, resulting in operational losses, and reduced revenue. B.Medium-term risks: Transition costs of new technologies, low-carbon environmental protection. Responding to green environmental protection demands will result in increased operating costs or revenue declines and changes in investment costs and production output.

ITEM	Implementation Status
	C.Long-term risks: Costs associated with carbon reduction policies and regulations. Stricter regulations may result in additional carbon reduction costs and decreased profits. (2)Opportunities: A.Short-term opportunities: Promote energy conservation and waste reduction and promote water and electricity conservation concepts. B. Medium-term opportunities: Green procurement and supplier management. Supporting enterprises with low-carbon and sustainable products. C. Long-term opportunities: Developing and promoting low-carbon product services and reduce the climate change impact.
3.Descrbe extreme weather events and transformation actions' impact on finance:	Extreme weather events such as typhoons, floods, etc., will affect decreased or interrupted production capacity, premature scrapping of existing assets, leading to increased operating costs, and reduced revenue. The company continues to plan and promote low-carbon green production and services and reduce the climate change impact to avoid extreme weather events.
4.Description of the integration of climate risk identification, assessment, and management processes into the overall risk management system:	The company's climate risk identification, assessment and management process is as follows: (1)Risk Identification: A.The company conducts climate risk and opportunity identification annually based on industry characteristics. B.The Risk Management Team regularly integrates overall risk identification. C.Reference to international institution climate risk reports.

ITEM	Implementation Status
	(2)Risk Measurement: A.The company evaluates the impact and extent of various risks based on industry characteristics. B.Measurement scope includes geographical scope, production chain impacts, and financial impacts. (3)Risk Monitoring: A.Environmental and social risk factors for each industry are included in the industry risk level assessment mechanism. B.Monitoring climate risk indicators to control value losses caused by climate risks. (4)Risk Reporting: Various risk indicators and execution status are reported to the board of directors regularly.
5.If scenario analysis is used to assess resilience to climate change risks, the scenario, parameters, assumptions, and key financial impacts should be explained.	The company did not use scenario analysis to assess resilience to climate change risk.
6.If there are transformation plans to manage climate-related risks, explain the plan's content, and indicators and objectives used to identify and manage actual risks and transformation risks.	The company did not have transformation plans to manage climate-related risks
7.If internal carbon pricing is used as a planning tool, explain the basis for price setting.	The company did not use internal carbon pricing as a planning tool.

ITEM	Implementation Status
8.If climate-related goals are set, explain the activities covered, greenhouse gas emission scope, planning period, annual progress, etc. If carbon offsetting or renewable energy certificates (RECs) are used to achieve related goals, explain the source and quantity of offset carbon credits or the quantity of RECs.	The company has completed the greenhouse gas emission reporting planning and is expected to complete internal verification and external validation planning in 2024, with the reporting operation slated for completion in 2025.
9.Greenhouse gas reporting and assurance.	Greenhouse gas reporting and assurance are not yet required.

3.4.6 Fulfillment of Ethical Corporate Management , Discrepancy between the company and "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and the Reason.

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The corporation has set up The Procedures for Ethical Management and these procedures has been disclosed in the corporate official website. The regulations should be specified by the work rules which guide employees.	No Difference
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Do the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The corporation uses departmental organization and authority to set up a mutual supervision and check-and-balance mechanism to prevent business activities involving higher risks of dishonest behavior. The work rules should clearly state that employees must not accept entertainment, gifts, rebates or other illegal benefits due to their duties or violations of their duties.	
(3) Does the company provide clearly the operating	V		(3) To prevent the dishonest behaviors, the	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			corporation formulate various methods, the accounting system and the internal control system. Also, auditors should regularly check the compliance of these systems.	
2.Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) When developing new customers and suppliers, the corporation conduct investigations, evaluations, credit checking and verifications to avoid dealing with people with records of dishonest behavior.	The corporation has not set up a specific unit to promote the corporate integrity management yet. Each department performs the corporate integrity management policy separately based on their functions and verified by the internal audit.
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?		V	(2) The corporation has not set up a specific unit to promote the corporate integrity management yet. Each department performs the corporate integrity management policy separately based on their functions.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) In employment contracts and work rules, the corporation stipulate clearly that employees cannot use their positions to disclose secrets to benefit themselves or others. Also, The	

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Procedures for the Meetings of the Board of Directors have stipulated that directors cannot discuss and vote for the matters of the meeting which are involved with their own interests or with the legal persons whom are represented by; or, those may be harmful to the interests of the corporation.	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		(4) To prevent the dishonest behaviors, the corporation formulate various methods, the accounting system and the internal control system. Also, auditors should regularly check the compliance of these systems.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) The corporation hold seminars regularly to promote the corporate integrity management philosophy.	
3.Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The corporation has adopted a concrete whistle-blowing system and appointed a unit, e-mail address to handle whistle-blowing	No Difference

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (3) Does the company provide proper whistleblower protection?	V V		system. (2) The corporation has made standard operation procedures in place for investigating accusation cases. The unit in duty should keep the identity of the reporter confidential. (3) The whistleblower will not be improperly punished for reporting.	
4.Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Procedures for Ethical Management has been disclosed in the corporate official website.	No Difference

5.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.

The corporate has set up The Procedures for Ethical Management. The contentment includes:

(1) Employees are prohibited from providing, accepting, promising or requesting any improper benefits, or engaging in other acts directly or indirectly that violate integrity, illegality, or breach of fiduciary obligations, in order to obtain or maintain benefits.

(2) Employees shall abide by the provisions of the Securities Exchange Law. They shall not use the undisclosed information to engage in insider trading and nor shall they disclose it to others.

(3) Directors shall avoid discussing or voting the proposals listed by the board of directors which are interested by themselves or by the legal persons who are represented by them.

Others related to The Procedures for Ethical Management have no major differences from The Ethical Corporate Management Best Practice

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Principles.				
6.Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): None.				

3.4.7 Corporate Governance Guidelines and Regulations：Please refer to the Company's website at www. Microtek.com.com

3.4.8 Other Important Information Regarding Corporate Governance：None。

3.4.9 Internal Control Systems

1. Statement of Internal Control

Microtek International, Inc. / Internal Control System Statement

Based on the findings of a self-assessment, Microtek International, Inc. states the following in regards to its internal control system during the year 2023：

1. The company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board or Directors and the managers of the company. The company has established the system for the purpose of guaranteeing the reliability、timeliness and transparency report of the effectiveness and efficiency of the operation(including profitability、performance、asset security, etc.) and ensuring all are in compliance with relevant laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the company takes immediate remedial actions in response to any identified deficiencies.
3. The company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of the Internal Control System by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control (1) control environment. (2) risk assessment. (3) control activities (4) information and communication and (5) monitoring activities.
4. The company had evaluated the design and operation effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31,2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance on our operational effectiveness and efficiency, reliability, timeliness, transparency or reporting, and compliance with applicable rulings, laws and Regulations.
6. This statement is an integral part of the Company’s annual report for the current period and prospectus. and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20,32,171 and 174 of the Securities and Exchange Law.
7. This statement was approved by the Board of Directors in their meeting held on Mar 11,2024 with all nine attending directors affirming the content of Statement.

Microtek International, Inc.
Chairman：Chin-Lai Wu
General Manager: Ching-Hui Hsieh

2.If CPAs are engaged to review internal control system, the report shall be disclosing: None.

3.4.10 If there has been any legal penalty against the company and 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 publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings:

Date	Session	Resolutions
Mar. 14, 2023	Board of Directors	1. Approve The Internal Control System Statement for 2022. Implementation Status: It has been reported to the competent authority and listed as the main content in the Annual Report. 2. Approve to convene the shareholders' meeting of the year 2023. Implementation Status: The shareholders' meeting will be convened on May 30, 2023. 3. Approve The Business Report and Financial Statements of the year 2022. Implementation Status: The Financial Statements has been declared and will be recognized in the shareholders' meeting 4. Approve "Deficit compensation of the year of 2022". Implementation Status: It will be recognized in the shareholder's meeting.
Apr. 11, 2023	Board of Directors	1. Review proposal proposed by over 1% shareholders. (improving utilization of property located in Hsinchu Science Park) Implementation Status: It has been included in shareholder meeting's proposal.
May 10, 2023	Board of Directors	1. Approve The Financial Statements of the Quarter 1 of 2023. Implementation Status: It has been declared.
May 30, 2023	Shareholders' Meeting	1. Adopt The Business Report and Financial Statements of the year of 2022. 2. Adopt "Deficit compensation of the year of 2022". Implementation Status: No dividends will be distributed; and if there is a surplus in the following years, a compensation will be made up. 3. Approve the proposal for improving utilization of property located in Hsinchu Science Park. Implementation Status: It is authorized be discussed and evaluated by board of directors. 4. Elect 17^{th} session of directors. Implementation Status: Nine directors had been elected as 17^{th} session board members.
May 30, 2023	Board of Directors	1. Elect chairman of 17^{th} session board directors. Implementation Status: Chin-lai Wu was elected as chairman of 17^{th} session board of directors. 2. Appoint members of 5^{th} session Remuneration

Date	Session	Resolutions
		Committee. Implementation Status: Wei-Lee Chang , Chih-Lee Liu, Chien-Ru Liu has been appointed as members of 5th session Remuneration Committee.
Aug. 8, 2023	Board of Directors	1.Approve The Financial Statements of the Quarter 2 of 2023. Implementation Status: It has been declared.
Nov. 7, 2023	Board of Directors	1. Approve The Internal Audit Plan of the year of 2024 Implementation Status: It will be executed as planned. 2. Approve The Financial Statements of the Quarter 3 of 2023. Implementation Status: It has been declared. 3. Approve the resolution of GOTOP Investments limited. Implementation Status: GOTOP Investments limited was dissolved on 21 Nov. 2023. 4. Approve the change of Governance supervisor. Implementation Status: governance supervisor was changed and has been declared.
Mar. 11, 2024	Board of Directors	1. Approve The Internal Control System Statement for 2023. Implementation Status: It has been reported to the competent authority and listed as the main content in the Annual Report. 2. Approve to convene the shareholders' meeting of the year 2024. Implementation Status: The shareholders' meeting will be convened on May 27, 2024. 3. Approve The Business Report and Financial Statements of the year 2023. Implementation Status: The Financial Statements has been declared and will be recognized in the shareholders' meeting 4. Approve "Deficit compensation of the year of 2023". Implementation Status: It will be recognized in the shareholder's meeting. 5. Approve "Terminate improving utilization of property located in Hsinchu Science Park". Implementation Status: Improving utilization project will be terminated.

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors：None.

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D:

Title	Name	Arrival Date	Dismissal Date	Reasons for Resignation or Dismissal
Governance Supervisor	Ya-Ming Lee	Nov. 10,2020	Nov. 7, 2023	Job Rotation

3.5 Information Regarding the Company's Audit Fee and Independence Audit Fee

Unit : NT$K

Accounting Firm	Name	Period	Audit Fee	Non audit Fee	Total	Remark
KPMG Certified Public Accounting Firm	Chun-Yuan Wu	Jan. 2023-Dec.2023	3,060	460	3,520	Non audit fee :Tax return, business tax audit ,non supervisory salary audit
	Chien-Hui Lu	Jan. 2023-Dec.2023				

1.Replacement of accounting firm and the audit fee in the replacing year is less than that in the previous year：None.

2.Audit Fees were reduced by over 10% compared with the previous year：None.

3.6 Information on change of CPA in the past two years：None.

3.7 Has any of the Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations served in the Company's CPA firm or its affiliates during past year: None.

3.8 Equity transfer or changes to equity pledged of Directors, Supervisors, Managers and Major Shareholders

Change in shareholdings：

Title	Name	2023		As of Mar. 31, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Major shareholder	Youe Chung Investment Co., Ltd.	557,000	11,700,000	-	-
Major shareholder	Wilson Investment Ltd.	-	-	-	-
Director /Major shareholder	Paulko Enterprises Co. Ltd.	-	-	-	-
Director/ Major shareholder	San Yu Lumber & Plywood Corp.	5,143,484	-	-	-
Chairman	Legal Representative of Paulko Enterprises Co. Ltd. Chin-Lai Wu	-	-	-	-
Director	Legal Representative of San Yu Lumber & Plywood Corp. Cheng-Hsun Hsu	(5,143,484)	-	-	-
Director	Adara International Inc.	-	-	-	-
Independent Director	Wei-Lee Chang	-	-	-	-
Independent Director	Chih- Lee Liu	-	-	-	-
Independent Director	Chien-Ru Liu	-	-	-	-
General Manager	hing- Hui Hsieh	-	-	-	-
Business GM	Po-Tsung Lin	-	-	-	-
Vice President	Kuo-Huei Yu	-	-	-	-
Vice President	Hui-Chuan Tai	-	-	-	-
Director	Ya-Ming Lee	-	-	-	-
Director	Harn-Jou Yeh	-	-	-	-
Director	Kuo-Kuei Kao	-	-	-	-
Director	Ming-Zheng Chen	-	-	-	-
Director	Chin Shan Tien	-	-	-	-
Director	Hung-Chen Wang	-	-	-	-
Director	Yi-Hsuan Su	-	-	-	-
Manager	Lee-Ying Chu	-	-	-	-

Stock transfer to related parties：None.

Name	Reasons of Equity Transfer	Transfer Date	Counterparty	The relationship between transfer counterparty and the corporation's directors, supervisors, managers, and shareholders who hold more than 10% of the shares	No. of Shares	Transfer Price
Cheng-Hsun Hsu	Disposal	May 26, 2023	San Yu Lumber & Plywood Corp.	Major shareholder	5,143,484	NT$23.15 per share
San Yu Lumber & Plywood Corp.	Acquisition	May 26, 2023	Cheng-Hsun Hsu	Company of being representative of the corporation	5,143,484	NT$23.15 per share

3.9 Relationship among the Top Ten Shareholders

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Note
	Shares	%	shares	%	shares	%	Name	Relationship	
Youe Chuang Investment Co.,Ltd.	40,966,000	19.92%	-	-	-	-	None	None	
Youe Chuang Investment Co.,Ltd . Representative Yi-Ting Yang	-	-	-	-	--	-	None	None	
Wilson Investment Ltd.	37,528,872	18.25%	-	-	-	-	Paulko Enterprises Co. Ltd.	Common shareholder	
Wilson Investment Ltd. Representative Yi-hsan Liu	-	-	-	-	-	-	None	None	
Paulko Enterprises Co. Ltd.	36,201,662	17.60%	-	-	-	-	Wilson Investment Ltd	Common shareholder	
P Paulko Enterprises Co. Ltd. Representative Chin-Yu Lee	-	-	-	-	-	-	None	None	
San Yu Lumber & Plywood Corp.	30,197,303	14.68%	-	-	-	-	None	None	
San Yu Lumber & Plywood Corp. Representative Cheng-Hsun Hsu	-	-	-	-	-	-	None	None	
Adara International Inc.	2,934,365	1.43%	-	-	-	-	None	None	
Adara International Inc. Representative Chin-Lai Wu	50,300	0.02%	-	-	-	-	Paulko Enterprises Co. Ltd.	Company of being Representa-tive	

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Note
	Shares	%	shares	%	shares	%	Name	Relationship	
Ching-hui Ji	1,605,000	0.78%					None	None	
Yi Shui Tan Investment Corp.	1,048,000	0.51%	-	-	-	-	None	None	
CITI Bank in custody for Berkerly SBL/PB Investment	730,000	0.36%	-	-	-	-	None	None	
Shu-juan Peng	648,000	0.32%	-	-	-	-	None	None	
HSBC Bank(Taiwan) limited in custody for Goldman Sachs Investment	612,000	0.30%					None	None	

3.10 Ownership of Shares in Affiliated Enterprises

Unit：shares

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	shares	%	shares	%
Adara International Inc.	2,000,000	100%	-	-	2,000,000	100%
MTK Computers Limited	60,850,000	100%	-	-	60,850,000	100%
Shanghai Microtek Technology Co., Ltd.	-	-	-	100%	-	100%
Microtek Computer Technology(Wu Jiang)Co., LTD.	-	-	-	100%	-	100%
Shanghai Microtek Digital Technology Co., Ltd.	-	-	-	100%	-	100%
Shanghai Joinwit Optoelectronic Tech Co., Ltd.	-	-	-	65.92%	-	65.92%
Shanghai Fong-teng Co., Ltd.	-	-	-	46.14%	-	46.14%
Shanghai Microtek Medical Device Co., Ltd.	-	-	-	100%	-	100%
Domex Technology Corporation	64,587	0.32%	-	-	64,587	0.32%
Epoch Electronics Corp.	-	-	498,778	7.67%	498,778	7.67%

4. Capital Review

4.1 Capital and Shares

4.1.1 Source of capital

Unit:NT $K、Shares $K

Date	Par value (NT$)	Authorized capital		Paid-in capital		Remark		
		Shares	Amount (NT$ thousands)	Shares	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Date of approval and document number
2006.06.14	Note 5	400,000	4,000,000	205,661	2,056,608	-	-	-
2002.09.18	Note1	650,000	6,500,000	205,661	2,056,608	Note 1	None	2002.9.12(91) Tai-Tsai-Tzeng(1) No.091014122
1999.12.25	11	650,000	6,500,000	453,997	4,539,974	Capital increase by cash 800,000 (Note 2)	None	1999.10.11(88) Tai-Tsai-Tzeng (1) No.80644 1999.11.03(88) Tai-Tsai-Tzeng(1) No.94935
1998.05.30	Note 3	450,000	4,500,000	373,997	3,739,974	Capitalization of retained earnings 652,625 Convertible bonds 1,524	None	1998.5.5 (87) Tai-Tsai-Tzeng(1) No.37777
1998.01.15	Note 4	450,000	4,500,000	308,583	3,085,825	Convertible bonds 80,162	None	1998.1.8 (87) Tai-Tsai-Tzeng(1) No.96733

Unit：Share

Share Type	Authorized Capital					Remarks
	Issued Shares			Un-issued Shares	Total	
	Listed	Un-listed	Total			
Common stock	169,420,827	36,240,000(Note 2)	205,660,827	194,339,173	400,000,000	-

Note 1：Make up for losses from the reduced capital.

Note 2: To conduct an issuance of new shares for cash, in accordance with the regulation listed in the Order No. (88) Taiwan-Finance-Securities-I-80644 of the Securities & Futures Commission, Ministry of Finance, in accordance with the 2nd paragraph of the Article 39 of The Securities and Exchange Act to impose restriction on its trading on a stock exchange and in accordance with the regulation listed in the 1st paragraph of the Article 16 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the Corporation has no need to allocate a certain percentage of the aggregate new shares to be publicly offered. After the fundraising is completed and the capital change registration with the Ministry of Economic Affairs is completed, if when the next fiscal year the Corporation can meet the listing profitability standards set by the Taiwan Stock Exchange Co., Ltd., the application for lifting the restrictions on the listing of cash capital increase shares can be applied.

Note 3： Increase the capital from the retained earnings.

Note 4： Converted from corporate bonds.

Note 5： Amend The Articles of Incorporation to reduce the rated share capital.

Information for Shelf Registration：None.

4.1.2 Status of Shareholders

As of 28-Mar-2024

Type / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	2	2	40	27,427	37	27,508
Shareholding (shares)	3,117	136	149,350,192	52,982,474	3,324,908	205,660,827
Percentage	0%	0%	72.62%	25.76%	1.62%	100%

4.1.3 Shareholding Distribution Status

A. Common shares

As of 28-Mar-2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1-999	18,241	5,369,510	2.61%
1,000~ 5,000	7,635	15,732,652	7.65%
5,001~ 10,000	942	7,210,893	3.51%
10,001~ 15,000	247	3,170,570	1.54%
15,001~ 20,000	129	2,403,851	1.17%
20,001~ 30,000	121	3,106,674	1.51%
30,001~ 40,000	53	1,884,641	0.92%
40,001~ 50,000	34	1,603,839	0.78%
50,001~ 100,000	53	3,945,743	1.92%
100,001~ 200,000	26	3,496,656	1.70%
200,001~ 400,000	14	3,791,628	1.84%
400,001~ 600,000	3	1,472,968	0.72%
600,001~ 800,000	3	1,990,000	0.96%
800,001~ 1,000,000	-	-	-
1,000,000 over	7	150,481,202	73.17%
Total	27,508	205,660,827	100.00%

B. Preferred stock: None.

4.1.4 List of Major Shareholders

Name \ Shares	Shares	Percentage
Youe Chung Investment Co., Ltd.	40,966,000	19.67%
Wilson Investment Ltd.	37,528,872	18.25%
Paulko Enterprises Co., Ltd.	36,201,662	17.60%
San Yu Lumber & Plywood Corp.	30,197,303	14.68%
Adara International Inc.	2,934,365	1.43%
Ching-hui Ji	1,605,000	0.78%
Yi Shui Tan Investment Corp.	1,048,000	0.51%
CITI Bank in custody for Berkerly SBL/PB Investment	730,000	0.36%
Shu-juan Peng	648,000	0.32%
HSBC Bank(Taiwan) limited in custody for Morgan Stanley International Investment	612,968	0.30%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Item \ Year			2022	2023	Feb. 29 ,2024
Market price	Highest Market Price		38.10	28.00	26.65
	Lowest Market Price		8.55	19.65	21.35
	Average Market Price		19.58	23.22	23.98
Net worth per share	Before Distribution		10.77	10.72	Note
	After Distribution		10.77	10.72	Note
Earnings per share	Weighted Average Shares		202,726,462	202,726,462	202,726,462
	Diluted Earnings Per Share		0.06	0.03	Note
Dividends per share	Cash dividends		-	-	Note
	Stock dividends	From Retained Earnings	-	-	-
		From stock surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Retune on Investment	Price / Earnings Ratio		326	774	Note
	Price / Dividend Ratio		-	-	-
	Cash Dividend Yield Rate		-	-	-

Note: As of Annual Report reporting date , net worth per share and Earnings per share had not been reviewed by CPA yet.

4.1.6 Dividend Policy and Implementation Status

1. Dividend Policy

The dividend policy of the corporation is that at least 50% of the cumulated distributable surplus for the current year should be allocated as dividends. However, if the dividend per share is less than 0.5, in the consideration of the payment cost and other factors, the dividend shall not be granted.

The priority of distributed dividends is cash dividends. If the distributable dividend per share exceeds two NTD, an appropriate amount of stock dividends will be allocated. However, the proportion of stock dividends will not exceed 50% of the total dividends.

2. Proposed Distribution of Dividend

As of this year, the after-tax accumulated amount is loss; therefore, no dividends will be distributed.

4.1.7 Effect on business performance and earnings per share of any stock dividend distribution proposed

At the corporate regular shareholder's meeting in 2024, no proposed stock dividends were distributed, which had no impact on the corporate operating performance and earnings per share.

4.1.8 Compensation of Employees, Directors and Supervisors

1. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation：

Specified by the Article 27 of The Articles of Incorporation: If the Corporation gains profits in the year, determined by the Board of Directors, the Corporation shall set aside two percent (2%) to ten percent (10%) of the profits as the remuneration for employees. However, if the Company has accumulated loss, certain amount to offset such loss shall be set aside in advance. In addition, the aforementioned remuneration for employees can be distributed by stocks or cash. If there is surplus after the aforementioned remuneration has been distributed, suggested by the Compensation Committee and determined by the Board of Directors, not more than three percent (3%) of the aforementioned surplus shall be paid as the remuneration for the directors.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period：

This year is accumulated as a loss. The remuneration of employees, directors and supervisors is not estimated.

3.Distribution of Compensation of Employees, Directors and Supervisors approved in the Board of Directors Meeting

(1) Recommended Distribution of Compensation of Employees, Directors and Supervisors:：

The company does not propose to distribute remuneration to employees, directors and supervisors in cash or stocks.

(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 does not propose to distribute remuneration to employees in stocks.

4.Information of 2021 Distribution of Compensation of Employees, Directors and Supervisors (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 corporation did not distribute remuneration to employees, directors and supervisors in the previous year.

4.1.9 Buy-back of Treasury Stock：None.

4.2 Corporation bonds、preferred shares、Global depository receipts、subscription of warrants for employees、subscription of new shares foe employee restricted stocks、issuance new shares due to merge or acquisition of another company：None.

4.3 Financial plans and Implementation：None.

5. Operation Highlights

5.1 Business Activities

5.1.1 Business Lines

The main business of Microtek is to design, manufacture and sell image scanners and their related applications. Main products and their percentages of sales revenue are listed as follows: The revenue of image scanners is 106,037,000 (18%); The revenue of image scanners applications is 90,665,000 (16%); The revenue of optical election devices is 379,205,000 (66%).

5.1.2 Industry Profile

1. In recent years, the global industrial development trend indicates a rapid growth in smart manufacturing and Automated Optical Inspection (AOI) technology. While some companies have been operating for many years in this field, the industry applications are diverse. Our company, equipped with over 40 years of image technology and independent variable capabilities, possesses competitive advantages to enter such markets.
2. Another market with development potential is the biophotonic imaging industry. With heightened global attention on epidemics and healthcare, along with advancements in related computational technology, there is a growing demand for biotechnological detection equipment in areas such as diagnosis, disease monitoring, drug discovery, and development. Among these, the biological imaging capture device represents a potential market for our company to invest in.
3. In recent years, optical communication, optical sensing, laser processing, laser medical treatment, optical detection and measurement industries are booming, and the demand for photoelectric detection technology and photoelectric detection products is also growing rapidly under the drive of industry demand.

5.1.3 Technology and Research Profiles:

1. Microtek has committed to the developments of digital imaging devices and image processing software/hardware for a long time. In the year of 2022, R&D expenses were NTD 87,519,000, accounting for 15% of the turnover. The products listed below have been developed successfully:
   (1) Scanners:
   - Enhance high resolution, high sensitivity photo scanners, present a variety of material images realistically, and are widely used in various fields of applications.
   - Complete Linux software support for multiple scanners to meet specific field usage trends, effectively increasing sales.

   (2) Medical/Biotechnological Applications:
   - Complete the development of biotech application products, including rapid test for food and high-resolution image analysis equipment.
   - Complete the development image inspecting analysis system.

(3) Industrial Applications:

- Complete the development of low cost image module.
- Provide fully customized industry inspection solutions.

(4) Optoelectronic

- Improve the optical time domain reflectometry technology, optimize OTDR products.
- Develop laser ring flux analyzer.

2. Current Development Plans:

(1) Image scanners:

- Develop USB3.0 high-speed models to improve scanning transmission speed and various specifications.
- Continuously developing Linux software to meet specific field usage trends.

(2) Medical and biotechnology:

- Develop quantitative analysis equipment with high-resolution image reading for biotech testing applications.

(3) Industry:

- Improve the scanning efficiency of non-destructive industrial inspection equipment.
- Develop an intelligent image reading platform with the detection device to provide solutions.

(4) Optoelectronic:

- Develop femtosecond laser detection analyzer.
- Develop fiber micro crack tester.

5.1.4 Short-term and Long-term Business Development Strategies

1. In the short-term

(1) Launch high-speed document scanners and high-speed photo grade scanning equipment.

(2) Provide customized industrial camera modules and detection systems to meet the needs of the industry.

(3) Cooperate with industrial and biotech manufacturers to develop inspection equipment and modules.

(4) Mass production plan of the ASE light source project and polarization state analyzer project.

2. In the long-term:

(1) Develop high stability, multi-light source, high-resolution image capture equipment and systems for application in various biomedical and industrial imaging fields.

(2) Integrate intelligent image interpretation system software and hardware to offer automated, AOI (Automatic Optical Inspection) smart inspection solutions.

(3) Develop new technology domain products.

(4) Accumulate photoelectric detection technology, and apply mature photoelectric detection technology to many application fields.

5.2 Production and Marketing Profiles

5.2.1 Market and Sales review

1. Marketing Profile:

(1) The rapid development of artificial intelligence technology, combined with innovative hardware and software solutions, has significantly improved productivity and precision across industries.

(2) In response to low birth rates, both emerging and traditional factories are gradually shifting towards automated production and inspection equipment to address labor shortages.

(3) Continuous innovation in biotechnology, especially in the application of drug research and development, bio manufacturing, and gene therapy, has further advanced the medical health sector.

(4) Laser based on its superior physical characteristics, make it the best application carrier. In every field of laser application, photoelectric detection instruments are needed and have good market expectations.

2. Niche and Competing Advantages:

(1) Microtek possesses an advanced platform for image capture and management applications. With the incorporation of core AI technologies, it can effectively replace manual operations in some production lines while improving the accuracy and efficiency of the production process.

(2) Our company has its own R&D products and a multidisciplinary professional team, including experts in electronics, mechanics, optics, and software and hardware design. This allows our scanner technology to be quickly integrated into various fields, providing customers with customized solutions.

(3) Microtek's imaging technology can not only develop within its own industry but can also combine with different professional fields to co-develop innovative application products that meet needs, further expanding the market application scope. This includes commercial, industrial, medical, biotech, and non-destructive testing fields. Such cross-disciplinary collaborations not only accelerate technological innovation but also create a unique competitive advantage for Microtek in the highly competitive market.

(4) The optoelectronic products are mainly used in the field of laser communication, sensing, energy transfer. The company is capable of mature technology, mature product and service support for customer. It is expected optoelectronic will have more collaboration application and market expectation.

5.2.2 Use and Productive Process of Main Products

1. Use of Main Products

Products	Use of Products
Scanners for the Business	The design of scanners is used for scanning of documents, graphs, pictures and films. Based on requirements of users, these scanners can be categorized into scanners for soho and home offices, scanners for digitizing large volumes of documents in corporations, scanners for professional pictures and scanners for digitizing large-scale papers or cultural relics.
Scanners for the Medical	The essences for scanners used in the medical are capturing of professional images and processing technology. To meet requirements of different departments, Microtek can provide total solutions with professional scanners and image managing software.
Scanners for the Biotechnology	The scanners grouped in the category focus on capturing of images related to biotechnological testing and inspections. For example, pathological section images of electrophoresis gel and scanning of analysis of ELISA.
Scanners for the Industry	The scanners are designed with high-precision scanning mechanisms and low-noise circuits. Plus, the use of image management software, the scanners are suitable for digitizing, storing, report making and sharing information and films related to the NDT. Practitioners can enhance work efficiency with economical and practical prices.
Optoelectronic	The products are mainly used in the field of laser communication, sensing, energy transfer.

2. Productive Process of Main Products：

A. Assembly of PCB	B. Assembly of the System
Material preparation	Assembly of modular parts
↓	↓
Surface parts attached	Adjustment and assembly of CCD/CHASSIS
↓	↓
Plug-in	Assembly of mechanisms
↓	↓
Wave soldering	Pre-test
↓	↓
Automated testing	Burn in test
↓	↓
Testing	Testing of the system
↓	↓
PCB of image scanners	Packaging and storing
↓	↓
Assembly of the system	Shipment

5.2.3 Supply Status of Raw Materials:

Microtek always maintains friendly cooperative relationships with main suppliers of raw materials, which not only effectively controls sources of goods, shortens delivery time but also enhances quality of charge-in materials and lowers risks. In order to disperse the excessively concentrated procurement of raw materials, the main materials such as electronic parts, lenses, motors, power supplies, and mechanical parts are ordered separately from Taiwan, Japan, the United States, and the Mainland China. Microtek requires the suppliers to provide stable and continuous supplements based on the order requirements and by this way to achieve production scheduling, logistics control, cost reduction and autonomy. For the key components, cooperating with the RD department, study the feasibility of using 2nd source to avoid risks of suspension of supply and demand at any time. For the procurement of parts for a few custom cases, we closely cooperate with suppliers to improve production efficiency and reduce costs through reasonable planning of inventory and adoption of current alternative technologies, so as to meet the special needs of customers.

5.2.4 Information on clients/suppliers who have accounted for at last 10% of sales/purchasing in either of last two years：

Major suppliers: In the last two years, no major suppliers accounted for more than 10% of the total purchase amount.

Unit: NT$K

	2022				2023			
ITEM	Name	Amount	Percent	Relation with company	Name	Amount	Percent	Relation with company
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
	Other	361,419	100%		Other	268,873	100%	
	Total	361,419	100%		Total	268,873	100%	

Major customers：No major customers accounted for more than 10% of the total sales amount in 2022. Major customers had changed in 2023 due to increase of optoelectronic business.

Unit: NT$K

	2022				2023			
ITEM	Name	Amount	Percent	Relation with company	Name	Amount	Percent	Relation with company
1					Hsu chuang	61,744	11%	None
2								
3								
4								
5								
6								
7								
8								
9								
10								
	Other	554,909	100%		Other	514,163	89%	
	Total	554,909	100%		Total	575,907	100%	

5.2.5 Production in the Last Two Years

Unit：NT$K/ST

year / Output / Major product	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Scanner	60,000	11,300	108,231	60,000	4,799	56,044
Optical device	150,000	91,894	133,081	150,000	101,971	264,069

5.2.6 Sales in the Last Two Years

Unit：NT$K/ST

year / Quantity Sales / Major Products	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Scanner	649	24,313	14,633	232,178	649	22,317	10,459	174,385
Optical Device	-	-	106,965	298,418	-	-	107,287	379,205
Total	649	24,313	121,598	530,596	649	22,317	117,746	553,590

5.3 Human Resource

Year		2022	2023	Feb. 29, 2024
Number of Employees	Direct Labor	53	48	47
	Technical	75	76	74
	Management	151	148	148
	Total	279	272	269
Average Age		42.88	43.58	43.52
Average Years of Service		13.58	14.14	14.19
Education	Ph.D.	0%	0%	0%
	Masters	8%	8%	8%
	Bachelor’s Degree	56%	56%	56%
	Senior High School	25%	25%	25%
	Below Senior High School	11%	11%	11%

5.4 Environmental Protection Expenditure

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions): None.

5.5 Labor Relations

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, the status of their implementation, and the status of labor agreements and measures for preserving employees' rights and interests：

The corporation’s labor relation is always harmonious and there has been no labor dispute. There is a complete system for the recruitment, selection, training and management of employees, so that the employees’ career planning and the corporation’s interests can be combined perfectly to establish a work team looking for the high output. In addition, in order to reward employees for dedicated services and stabilize their retirement life, the corporation and its subsidiaries have established retirement plans. The corporation’s retirement plan includes methods in accordance with articles of The Labor Standards Act that the corporation should transfer 6% of the employee’s monthly salary as the retirement pension to the labor individual retirement account in the Taiwan Bank established by the Labor Insurance Bureau in accordance with the labor pension regulations. In addition to participating in labor and health insurances required by laws, the corporation also provide employees with other benefits, such as group and travel insurances. Overseas subsidiaries also participate in social insurance and provident funds in accordance with local government regulations. At the same time, they provide employees with the group accident insurance. The corporation allocates the total revenue of each month in proportion as employees’ welfare funds to implement leisure, sports, and recreation activities based on the annual work plan and budget. Overseas subsidiaries also allocate 2% of the total salary of each month as union funds to carry out various leisure activities for employees. The corporation has also set up facilities, such as a training classroom, an audiovisual center and a library, to provide employees with continuous leisure activities, in-service trainings and information. In further, the corporation tries to maintain a perfect working environment and to enhance the welfare of all employees.

5.5.2 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law

violated, and the content of the dispositions) and disclose any……: None

5.6 Information security management

5.6.1 Information security risk management framework, policy, implement and resource of information security.

1. Information Security Risk Management Framework: In order to improve information security management, Microtek has formed an information security management committee composed of the chief officer of all Business Units, financial and accounting centers and technology department, with the general manager as the convener. Information Security Management Committee is responsible for formulating information security policies and planning, promoting and implementing information security management programs. Regularly review and report information security-related issues and implementation status to the board of directors.
2. Information Security Policy: To strengthen information security management, application system, equipment and internet safety and assure employee's research results, equity of shareholders. Information Security Management Committee formulate structure of information security, management plan, test system of risk and audit procedure for system compliance. Management plans include staff management, computer system safety, internet safety, access control, application system development, physical and environmental security, disaster recovery plan, information security incident reporting. The employee must follow "The rules for internet use" and "The rules for e-mail use" .
3. Information Security Solution:
   (1) Personnel management: establish and enhance the information security awareness and management of all employees and about their related responsibilities, and hold information security education and training for new personnel regularly.
   (2) Computer system security management: Establish application system and software usage and management specifications, and take necessary protective measures, establish detection and prevention of computer viruses and malicious software, and ensure the systems work normally.
   (3) Network security management: formulate network access permissions, information equipment networking security control, e-mail and Internet usage specifications, and prevent data and systems from being intruded through various security levels of technology and control.
   (4) Access control: establish employee account and access authority management policy, update and strengthen passwords, and review all systems access permissions of users regularly.
   (5) Application system development and maintenance security management: self-developed or outsourced application systems should be subject to security controls to avoid improper software, backdoors and computer viruses

jeopardizing system security.

(6) Physical and environmental security**:** establish physical and environmental safety management for physical equipment placement, maintenance, surrounding environment and personnel access control.

(7) Disaster Recovery Plan: Develop database backup and disaster recovery plans and management.

(8) Information security incident reporting: formulate information security incident reporting procedures according to the level of information security incidents to ensure timely response and effective handling of information security incidents when they occur

(9) The information security management method, refers to and pays attention to the changes in the information environment to implement the information security management policy.

4.Resource of Information security: There is a manager and a staff in information security department. The department monitor company's internet, continue to install hardware and software equipment to keep information security. IT department has reported 2023 security execution plan to board of director on Nov.7 2023.

5.6.2 Any losses suffered, influenced by significant information security event, solutions made by the company. The reason of suffered loss not able to be estimated: None.

5.7 Significant Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Land Lease	The Science Park Bureau	From 1/1/2023 to 12/31/2042	The area is 1.94 hectares. The rent is paid once a month and the monthly rent is NTD 1,053,000.	None

6. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Condensed Statement of Comprehensive Income-IFRS

Condensed consolidated Balance Sheet

Unit: NT$K

Item \ Year		Financial Summary for The recent 5 Years				
		2019	2020	2021	2022	2023
Current assets		1,334,638	1,400,073	1,293,237	1,420,045	1,406,897
Property, plant and equipment		499,387	478,229	449,227	425,608	391,703
Intangible assets		49,854	49,854	49,854	49,854	49,854
Other assets		994,362	972,964	1,062,895	1,048,619	1,015,418
Total assets		2,878,241	2,901,120	2,855,213	2,944,126	2,863,872
Current liabilities	Before distribution	300,515	301,429	283,893	328,520	257,319
	After distribution	300,515	301,429	283,893	328,520	257,319
Long-term liabilities		387,501	384,768	353,428	385,196	376,380
Total liabilities	Before distribution	688,016	686,197	637,321	713,716	633,699
	After distribution	688,016	686,197	637,321	713,716	633,699
Equity attributable to shareholders of the parent		2,152,432	2,174,572	2,173,979	2,182,766	2,174,031
Capital stock		2,056,608	2,056,608	2,056,608	2,056,608	2,056,608
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	(124,499)	(105,968)	(92,085)	(75,863)	(68,523)
	After distribution	(124,499)	(105,968)	(92,085)	(75,863)	(68,523)
Other equity interest		270,104	273,713	259,237	251,802	235,727
Treasury stock		(49,781)	(49,781)	(49,781)	(49,781)	(49,781)
Non-controlling interest		37,793	40,351	43,913	47,644	56,142
Total equity	Before distribution	2,190,225	2,214,923	2,217,892	2,230,410	2,230,173
	After distribution	2,190,225	2,214,923	2,217,892	2,230,410	2,230,173

Condensed Consolidated Statement of Comprehensive Income

Unit：NT$K

Year / Item	Financial Summary for The recent 5 Years				
	2019	2020	2021	2022	2023
Sales revenue	508,075	582,434	626,223	554,909	575,907
Gross profit	151,290	190,388	204,704	152,483	175,650
Operating Income (Loss)	(138,018)	(67,944)	(62,980)	(107,340)	(101,057)
Non-operating income & expense	163,741	127,481	108,218	139,896	140,509
Income before tax	25,723	59,537	45,238	32,556	39,452
Net income (Loss)	5,976	21,579	20,005	18,814	22,267
Other comprehensive income	(45,273)	6,054	(14,103)	(2,983)	(16,593)
Total comprehensive income	(39,297)	27,633	5,902	15,831	5,674
Net income attributable to shareholders of the parent	2,834	16,667	13,172	12,419	6,801
Net income attributable to non-controlling interest	3,142	4,912	6,833	6,395	15,466
Comprehensive income attributable to non-controlling interest	(41,101)	22,140	(593)	8,787	(8,735)
Comprehensive income attributable to non-controlling interest	1,804	5,493	6,495	7,044	14,409
Earnings per share	0.01	0.08	0.06	0.06	0.03

Parent Company Only Balance Sheet

Unit: NT$K

Item \ Year		Financial Summary for The recent 5 Years				
		2019	2020	2021	2022	2023
Current assets		429,638	426,680	415,212	501,685	556,900
Property, plant and equipment		106,837	98,992	93,582	86,802	79,366
Intangible assets		-	-	-	-	-
Other assets		2,082,525	2,079,196	2,057,430	1,994,092	1,862,794
Total assets		2,619,000	2,604,868	2,566,224	2,582,579	2,499,060
Current liabilities	Before distribution	181,363	142,313	133,674	157,600	99,937
	After distribution	181,363	142,313	133,674	157,600	99,937
Long-term liabilities		285,205	287,983	258,571	242,213	225,092
Total liabilities	Before distribution	466,568	430,296	392,245	399,813	325,029
	After distribution	466,568	430,296	392,245	399,813	325,029
Equity attributable to shareholders of the parent		2,152,432	2,174,572	2,173,979	2,182,766	2,174,031
Capital stock		2,056,608	2,056,608	2,056,608	2,056,608	2,056,608
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	(124,499)	(105,968)	(92,085)	(75,863)	(68,523)
	After distribution	(124,499)	(105,968)	(92,085)	(75,863)	(68,523)
Other equity interest		270,104	273,713	259,237	251,802	235,727
Treasury stock		(49,781)	(49,781)	(49,781)	(49,781)	(49,781)
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	2,152,432	2,174,572	2,173,979	2,182,766	2,174,031
	After distribution	2,152,432	2,174,572	2,173,979	2,182,766	2,174,031

Parent Company Only Statement of Comprehensive Income

Unit：NT$K

Year / Item	Financial Summary for The Recent 5 Year				
	2019	2020	2021	2022	2023
Sales revenue	95,246	110,193	135,482	124,860	91,261
Gross profit	28,766	52,322	65,138	51,575	32,585
Operating Income (Loss)	(105,345)	(83,492)	(71,295)	(85,403)	(99,923)
Non-operating income & expense	116,879	109,991	93,235	100,565	113,588
Income before tax	11,534	26,499	21,940	15,162	13,665
Net income (Loss)	2,834	16,667	13,172	12,419	6,801
Other comprehensive income	(43,935)	5,473	(13,765)	(3,632)	(15,536)
Total comprehensive income	(41,101)	22,140	(593)	8,787	(8,735)
Earnings per share	0.01	0.08	0.06	0.06	0.03

6.2 CPAs and Opinions for the recent 5 years

Year	CPA Firm	Name of CPA	Opinion
2023	KPMG CPA Firm	Chun-yuan Wu,Chien-Hui Lu	Unqualified opinion
2022	KPMG CPA Firm	Chun-yuan Wu,Chien-Hui Lu	Unqualified opinion
2021	KPMG CPA Firm	Yiu-Kwan Au,Chun-yuan Wu	Unqualified opinion
2020	KPMG CPA Firm	Yiu-Kwan Au,Hai-ning Huang	Unqualified opinion
2019	PMMG CPA Firm	Yiu-Kwan Au,Hai-ning Huang	Unqualified opinion

6.3 Five-year financial analysis

6.3.1Consolidated Financial analysis- IFRS

Item \ Year		Financial analysis for the recent 5 years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	23.90	23.65	22.32	24.24	22.13
	Ratio of long-term capital to property, plant and equipment	516.18	543.61	572.39	614.56	665.44
Solvency	Current ratio	444.12	464.48	455.54	432.26	546.75
	Quick ratio	395.86	413.68	375.91	350.71	478.01
	Interest earned ratio (times)	5.41	12.30	11.55	7.95	9.00
Operating Performance	A/R turnover (times)	8.78	11.15	10.49	10.84	9.52
	Average collection period	42	33	35	34	38
	Inventory turnover (times)	2.72	3.23	2.63	1.89	2.07
	Accounts payable turnover (times)	7.21	6.91	6.10	6.01	6.91
	Average days in sales	134	113	139	193	176
	Property, plant and equipment turnover (times)	0.98	1.19	1.35	1.27	1.41
	Total assets turnover (times)	0.19	0.20	0.22	0.19	0.20
Profitability	Return on total assets (%)	0.43	0.93	0.84	0.81	0.94
	Return on stockholders' equity (%)	0.27	0.98	0.90	0.85	1.00
	Pre-tax income to paid-in capital (%)	1.25	2.89	2.20	1.58	1.92
	Profit ratio (%)	1.18	3.70	3.19	3.39	3.87
	Earnings per share (NT$)	0.01	0.08	0.06	0.06	0.03
Cash flow	Cash flow ratio (%)(Note 1)	18.45	16.30	-	17.88	49.31
	Cash flow adequacy ratio (%)(Note 1)	24.64	30.07	-	12.17	318.19
	Cash reinvestment ratio (%)(Note 1)	1.75	1.53	-	1.79	3.86
Leverage	Operating leverage(Note 1)	-	-	-	-	-
	Financial leverage(Note 1)	-	-	-	-	-

Analysis of financial ratio differences for the last two years：
1.Current ratio and quick ratio increase：Due to current liability decrease.
2.A/R turnover rate decrease: Due to A/R increase in the end of year 2023.
3.A/P turnover rate increase: Due to decrease of average payment days.
4.Inventory trunover rate increase: Due to inventory decrease.
5. Property, plant and equipment turnover rate increase: Due to sales increase.

Note 1: Cash flow ration is not computed due to operating loss and cash flow out from operating activities.

Parent company only Financial analysis- IFRS

Item	Year	2019	2020	2021	2022	2023
		Financial analysis for the recent 5 years				
Financial structure (%)	Debt Ratio	17.81	16.52	15.28	15.48	13.01
	Ratio of long-term capital to property, plant and equipment	2281.64	2487.63	2599.38	2793.69	3022.86
Solvency	Current ratio	236.89	299.82	310.62	318.33	557.25
	Quick ratio	222.44	280.14	279.62	284.32	516.67
	Interest earned ratio (times)	3.16	6.37	6.35	4.38	3.99
Operating Performance	A/R turnover (times)	5.62	6.27	6.03	5.52	6.00
	Average collection period	65	58	61	66	61
	Inventory turnover (times)	2.69	2.88	2.15	1.50	1.50
	Accounts payable turnover (times)	10.04	10.76	6.10	5.19	6.10
	Average days in sales	136	127	170	243	243
	Property, plant and equipment turnover (times)	0.86	1.07	1.41	1.38	1.10
	Total assets turnover (times)	0.04	0.04	0.05	0.05	0.04
Profitability	Return on total assets (%)	0.33	0.83	0.67	0.66	0.45
	Return on stockholders' equity (%)	0.13	0.77	0.61	0.57	0.31
	Pre-tax income to paid-in capital (%)	0.56	1.29	1.07	0.74	0.66
	Profit ratio (%)	2.98	15.13	9.72	9.95	7.45
	Earnings per share (NT$)	0.01	0.08	0.06	0.06	0.03
Cash flow	Cash flow ratio (%)(Note 1)	-	-	-	3.16	25.40
	Cash flow adequacy ratio (%)(Note 1)	-	-	-	-	-
	Cash reinvestment ratio (%)(Note 1)	-	-	-	0.18	0.92
Leverage	Operating leverage(Note 1)	-	-	-	-	-
	Financial leverage(Note 1)	-	-	-	-	-

Analysis of financial ratio differences for the last two years：
1.Current ratio and quick ratio increase：Due to current liability decrease.
2.Inventory turnover, Property, plant and equipment turnover decrease：Due to sales decrease.

Note 1: Cash flow ration is not applicable due to operating loss and cash flow out from operation activities.

1. Financial Ratio
   (1) Total liabilities to Total assets ＝ Total liabilities / Total assets。
   (2) Long-term debts to fixed assets ＝ (Net equity ＋Long-term debts) / Net Property, plant and equipment s。
2. Solvency
   (1) Current Ratio ＝ Current Assets / Current liability。
   (2) Quick Ratio ＝ (Current assets － Inventory － Prepaid expense)/ Current liability。
   (3) Interest eared ratio ＝ Net income before income tax and interest expense / interest expense。
3. Operating performance
   (1) Account Receivable（including account receivable and notes receivable from operation）turnover ＝ Net sales / the average of account receivable balance（including account receivable and notes receivable from operation）。
   (2) A/R Turnover day ＝ 365 / account receivable turnover。
   (3) Inventory turnover ＝ Cost of goods sold / the average of inventory。
   (4) Accounts payable（including account payable and notes payable from operation）turnover ＝ Cost of goods sold / the average accounts payable balance（including account payable and notes payable from operation）。
   (5) Inventory turnover day ＝ 365 / Inventory turnover。
   (6) Property, plant and equipment turnover ＝ Net sales / the average balance of Property, plant and equipment。
   (7) Total assets turnover ＝ Net Sales / the average of total assets。
4. Profitability
   (1) Return on assets ＝【 Income after tax ＋ Interest expense (1-Tax rate】 / the average of total assets。
   (2) Return on equity ＝ Income after tax / the average of equity。
   (3) Net income ratio ＝ Income after tax / Net sales。
   (4) Earnings per share ＝ (Net income attributable to shareholders of the parent － prefer stock dividend/ weighted average outstanding shares。
5. Cash flow
   (1) Cash flow ratio ＝ Cash flow from operating activities / Current liability。
   (2) Cash flow adequacy ratio ＝ Five-year sum of cash flow from operating activities / Five-year sum of（Capital expenditure ＋ the increase of inventory ＋cash dividend）。
   (3) Cash flow reinvestment ratio ＝ （Cash flow from operation activities － cash dividend）/ （Gross Property, plant and equipment ＋ long-term investment ＋ other non-current assets ＋ working capital）。
6. Leverage
   (1) Operating leverage = （Net sales－ variable cost and operating expense）/ operating income。
   (2) Financial leverage ＝ Operating income / （Operating income － Interest expense ）。

6.4 Audit committee’s Report

Microtek International Inc.,

Audit committee’s report

Attention: Annual General shareholder’s meeting

We , the audit committee of the company have reviewed business report、parent company only financial statements、consolidated financial statements of the year 2023、deficit compensation statement and do not find any discrepancies. According to Article 14-4 of Securities and Exchange Act and Article 219 of Company Act, we hereby submit this report。

Convene of Audit committee： Wei-Lee Chang

Date：11 Mar. 2024

6.5 Consolidated financial statements for the years ended December 31,2023 and of 2022

Independent Auditors' Report

To the Board of Directors of Microtek International Inc.:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgement, the key audit matters should be reflected in our report are as follows:

1. Evaluation of investment properties

   Please refer to note 4(9) to the consolidated financial statements for the accounting policy on fair value assessment of investment properties, note 5(1) for critical accounting estimate and judgments of investment property fair value assessment, and note 6(9) "investment property" for the related disclosures of investment properties fair value assessment.

Description of key audit matters:

The Group holds certain investment properties which represent significant proportion of total assets in the consolidated financial statements. The investment properties are subsequently measured at fair value on a repetitive basis, and their fair value is measured in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". Valuation methods such as "real estate valuation technical rules" (discounted cash flow analysis) and market information are used by professional valuation institutions to evaluate the value, which requires significant estimates and judgements to evaluate fair vlaue. Therefore, the valuation of investment properties is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures include engaging a internal KPMG specialist to evaluate the valuation reports issued by professional valuation institution which are engaged by the Group, reviewing the rationality of the evaluation methodology and the material assumptions and market information adopted by professional valuation institution; assessing whether measurement and disclosure of the investment properties is appropriate.

2. Impairment of property, plant and equipment (including right-of-use assets) and intangible assets

   Please refer to Note 4(13) Impairment of non-financial assets of the consolidated financial statements for details on the accounting policy related to impairment of assets; Note 5(2) Assessment of impairment of property, plant and equipment (including right-of-use assets) and intangible assets for uncertainty of accounting assumptions and estimations. Please refer to note 6(7) of the consolidated financial statements for details on assessment of impairment of property, plant and equipment. Please refer to Note 6(8) of the consolidated financial statement for details on assessment of impairment of right-of-use assets; Please refer to Note 6 (10) of the consolidated financial statement for details of assessment of impairment of goodwill.

   Description of key audit matters:

   The impairment assessment of property, plant and equipment (including right-of-use assets) and intangible assets is important as the business of the Image Scanner Division of the Group is in a continuous loss due to market decline and the difficulty of product transformation. The impairment assessment of assets includes the identification of cash-generating units. We list the assessment as one of our key audit matters, because the process is complicated and contains the subjective judgment of the management, such as determining the method of evaluation, selecting important assumptions and calculating recoverable amounts.

   How the matter was addressed in our audit:

   Our principal audit procedures in respect of the above-mentioned key audit matter include the assessment of potential impairment of cash generating units identified by the management of the Group and the assessment of the indicator of impairment identified by the management, and to further understand and test the evaluation model used by management in impairment testing and whether the key assumptions such as future cash flow projections, useful life and weighted average capital costs, including expected product income, costs and expenses, etc., are appropriate. We also assess the past projections made by management whether there is no significant difference in the results, and conduct sensitivity analysis.

Other Matter

Microtek International Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Chun-Yuan and Lu, Chien-Hui.

KPMG

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

Notes to Readers

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

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

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

Microtek International Inc. and subsidiaries

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current Assets:				
1100	Cash and cash equivalents (note 6(1))	$ 345,194	12	352,619	12
1110	Current financial assets at fair value through profit or loss (note 6(2))	320,822	11	287,515	10
1136	Current financial assets at amortised cost, net (note 6(3))	474,149	17	457,259	15
1170	Notes and accounts trade receivable, net (note 6(4))	78,146	3	42,844	2
130X	Inventories(note 6(5))	155,630	5	230,447	8
1476	Other financial assets－currents	11,690	-	11,722	-
1479	Other current assets (note 6(18))	21,266	1	37,639	1
		1,406,897	49	1,420,045	48
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(6))	969	-	969	-
1535	Non-current financial assets at amortised cost, net (note 6(3))	131,433	5	132,664	5
1600	Property, plant and equipment (note 6(7) and 8)	391,703	14	425,608	14
1755	Right-of-use assets (notes (6(8))	267,452	9	284,993	10
1760	Investment property, net (notes 6(9))	574,837	20	582,328	20
1805	Goodwill (note 6(10))	49,854	2	49,854	2
1840	Deferred tax assets (note 6(15))	19,659	1	27,753	1
1975	Net defined benefit asset, non-current (note 6(14))	15,492	-	14,685	-
1990	Other non-current assets	5,576	-	5,227	-
		1,456,975	51	1,524,081	52
	Total assets	**$ 2,863,872**	**100**	**2,944,126**	**100**

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(11))	$ 50,000	2	107,000	4
2130	Current contract liabilities (note 6(18))	33,855	1	29,070	1
2170	Accounts payable	51,256	2	64,665	2
2200	Other payables	73,053	3	59,372	2
2230	Current tax liabilities	10,803	-	12,689	-
2280	Lease liabilities-current (notes 6(12) and 7)	13,819	-	13,464	-
2399	Other current liabilities	24,533	1	42,260	2
		257,319	9	328,520	11
	Non-current liabilities:				
2570	Deferred tax liabilities (note 6(15))	151,680	5	164,349	6
2580	Lease liabilities-non-current (notes 6(12) and 7)	205,647	7	219,590	7
2600	Other non-current liabilities	19,053	1	1,257	-
		376,380	13	385,196	13
	Total liabilities	633,699	22	713,716	24
	Equity attributable to the sharehlders of parent company (note 6(16)):				
3100	Ordinary share capital	2,056,608	72	2,056,608	70
3300	Accumulated deficits	(68,523)	(2)	(75,863)	(3)
3400	Other equity interest	235,727	8	251,802	9
3500	Treasury shares	(49,781)	(2)	(49,781)	(2)
	Equity attributable to the shareholders of parent company	2,174,031	76	2,182,766	74
36XX	Non-controlling interests	56,142	2	47,644	2
	Total equity	2,230,173	78	2,230,410	76
	Total liabilities and equity	**$ 2,863,872**	**100**	**2,944,126**	**100**

See accompanying notes to consolidated financial statements.

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

Microtek International Inc. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (note 6(18))	$ 575,907	100	554,909	100
5000	**Operating costs** (notes 6(5) and (14))	400,257	70	402,426	73
	Gross profit	175,650	30	152,483	27
	Operating expenses (notes 6(14) and 7):				
6100	Selling expenses	94,766	17	83,530	15
6200	Administrative expenses	93,502	16	87,753	16
6300	Research and development expenses	87,519	15	85,452	15
6450	Expected credit impairment loss(notes 6(4))	920	-	3,088	1
		276,707	48	259,823	47
	Net operating loss	(101,057)	(18)	(107,340)	(20)
	Non-operating income and expenses:				
7100	Interest income (note 6(20))	25,866	5	13,366	2
7110	Rent income (note 6(13))	126,320	22	130,591	24
7020	Other gains and losses (note 6(9) and (20))	(6,745)	(1)	620	-
7510	Interest expense (note 6(12))	(4,932)	(1)	(4,681)	(1)
		140,509	25	139,896	25
7900	**Income before income tax**	39,452	7	32,556	5
7950	Less:Income tax expenses (note 6(15))	17,185	3	13,742	2
	Net income for the period	22,267	4	18,814	3
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss** (note 6(14), (15) and (16))				
8311	Gains on remeasurements of defined benefit plans	674	-	4,753	1
8349	Income tax related to items that will not be reclassified to profit or loss	135	-	52,573	9
	Total items that will not be reclassified to profit or loss	539	-	(47,820)	(8)
8360	**Items that may be reclassified subsequently to profit or loss** (note 6(15) and (16))				
8361	Exchange differences on translation of foreign financial statements	(21,150)	(4)	55,884	10
8399	Income tax related to items that will be reclassified to profit or loss	(4,018)	(1)	11,047	2
	Total items that may be reclassified subequently to profit or loss	(17,132)	(5)	44,837	8
8300	**Other comprehensive income , net of tax**	(16,593)	(5)	(2,983)	-
8500	**Total comprehensive income for the period**	**$ 5,674**	**(1)**	**15,831**	**3**
	Net income attributable to:				
8610	Owners of parent	$ 6,801	1	12,419	2
8620	Non-controlling interests	15,466	3	6,395	1
		$ 22,267	**4**	**18,814**	**3**
	Comprehensive income attributable to:				
8710	Owners of parent	$ (8,735)	(2)	8,787	2
8720	Non-controlling interests	14,409	3	7,044	1
		$ 5,674	**1**	**15,831**	**3**
	Basic earnings per share(NT dollars) (note 6(17))				
9750	Basic earnings per share	**$**	**0.03**		**0.06**
9850	Diluted earnings per share	**$**	**0.03**		**0.06**

See accompanying notes to consolidated financial statements.

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

Microtek International Inc. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
			Total other equity interest						
	Ordinary share capital	Accumulated deficits	Exchange differences on translation of foreign financial statements	Gains on revaluation	Total	Treasury shares	Total equity attributable to the shareholders of parent company	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 2,056,608	(92,085)	(179,558)	438,795	259,237	(49,781)	2,173,979	43,913	2,217,892
Net income for the period	-	12,419	-	-	-	-	12,419	6,395	18,814
Other comprehensive income for the period	-	3,803	44,188	(51,623)	(7,435)	-	(3,632)	649	(2,983)
Total comprehensive income for the period	-	16,222	44,188	(51,623)	(7,435)	-	8,787	7,044	15,831
Cash dividends paid of Subsidiary	-	-	-	-	-	-	-	(3,313)	(3,313)
Balance at December 31, 2022	**$ 2,056,608**	**(75,863)**	**(135,370)**	**387,172**	**251,802**	**(49,781)**	**2,182,766**	**47,644**	**2,230,410**
Net income for the period	-	6,801	-	-	-	-	6,801	15,466	22,267
Other comprehensive income for the period	-	539	(16,075)	-	(16,075)	-	(15,536)	(1,057)	(16,593)
Total comprehensive income for the period	-	7,340	(16,075)	-	(16,075)	-	(8,735)	14,409	5,674
Cash dividends paid of Subsidiary	-	-	-	-	-	-	-	(5,911)	(5,911)
Balance at December 31, 2023	**$ 2,056,608**	**(68,523)**	**(151,445)**	**387,172**	**235,727**	**(49,781)**	**2,174,031**	**56,142**	**2,230,173**

See accompanying notes to consolidated financial statements.

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

Microtek International Inc. and subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from operating activities:			
Income before income tax	$	39,452	32,556
Adjustments:			
Adjustments to reconcile (profit) loss:			
Interest income		(25,866)	(13,366)
Interest expense		4,932	4,681
Depreciation expense		47,242	51,121
Provision for inventory obsolescence and devaluation loss		22,567	25,903
Expected credit impairment loss		920	3,088
Net gain on financial assets at fair value through profit or loss		(23,563)	(12,178)
Net gain on disposal of property, plant and equipment		(22)	(12)
Dividend income		(261)	(226)
Net loss (gain) on fair value adjustment of investment property		(3,107)	31,254
Adjustment for other non-cash-related loss (profit), net		17,025	(12,917)
Total adjustments to reconcile (profit) loss		39,867	77,348
Changes in operating assets and liabilities:			
(Increase) decrease in notes and accounts receivable		(36,071)	13,502
Decrease (increase) in inventories		53,860	(61,414)
Decrease (increase) in other operating assets		18,657	(7,488)
(Decrease) in accounts payable		(13,409)	(4,629)
Increase in other operating liabilities		19,972	11,403
Total adjustments		82,876	28,722
Cash flows generated from operations		122,328	61,278
Interest received		26,731	14,299
Interest paid		(4,949)	(4,637)
Income taxes paid		(17,219)	(12,209)
Net cash flows from (used in) operating activities		126,891	58,731
Cash flows from investing activities:			
Acquisition of financial assets at amortized cost		(783,152)	(749,653)
Disposal of financial assets at amortized cost		748,812	768,933
Acquisition of financial assets at fair value through profit or loss		(356,375)	(632,704)
Disposal of financial assets at fair value through profit or loss		339,768	583,659
Acquisition of property, plant and equipment		(2,781)	(4,117)
Disposal of property, plant and equipment		24	19
(Increase) decrease in other non-current assets		(349)	561
Dividends received		261	226
Net cash flows from (used in) investing activities		(53,792)	(33,076)
Cash flows from financing activities:			
(Decrease) increase in short-term borrowings		(57,000)	27,000
Increase (decrease) in guarantee deposits received		(1,420)	261
Payment of lease liabilities		(13,452)	(15,264)
Issuance of preference shares by subsidiaries		(5,911)	(3,313)
Net cash flows from (used in) financing activities		(77,783)	8,684
Effect of exchange rate changes on cash and cash equivalents		(2,741)	2,309
Net (decrease) increase in cash and cash equivalents		(7,425)	36,648
Cash and cash equivalents at beginning of period		352,619	315,971
Cash and cash equivalents at end of period	$	**345,194**	**352,619**

See accompanying notes to consolidated financial statements.

Microtek International Inc. and subsidiaries

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

1. Company history

Microtek International Inc. (the “Company”) was incorporated on October 23, 1980, as a company limited by shares in Hsinchu Science Park. The Company’s ordinary shares were publicly listed on the Taiwan Stock Exchange on October 21, 1988. The registered address is No. 6, Gongye E. 3rd Rd., East Dist., Hsinchu City 300091, Taiwan. The Company and its subsidiaries (hereinafter referred to as "the Group") are engaged mainly in the design, manufacture and sale of smart scanners and computer information peripherals.

2. Approval date and procedures of the consolidated financial statements:

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

3. New standards, amendments and interpretations adopted:

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

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

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

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

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

(2) The impact of IFRS issued by the FSC but not yet effective

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

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

4. Summary of material accounting policies:

The significant accounting policies presented in the preparation of these consolidated financial statements are summarized as below. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers”. (hereinafte4r reffered to as the Regulations) and the IFRSs, IAS, IFRIC Interpretaions, and SIC Interpretaions endorsed and issued into effect by the FSC, R.O.C.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;

(b) Investment property is measured at fair value; and

(c) The net defined benefit assets are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Group’s functional currency. Unless otherwise noted, all financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from Intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

B. List of subsidiaries in the consolidated financial statements：

The list of subsidiaries is included in the consolidated financial statements:

Name of investor	Name of Subsidiary	Principal Activity	Shareholding Ratio December 31, 2023	Shareholding Ratio December 31, 2022
The Company	MTK COMPUTERS LIMITED (MTK)	Invest in foreign business of Holding Company	100%	100%
The Company	Adara Internationa Inc. (Adara)	Responsible for the marketing and after-sales services of the Company's products in the domestic market	100%	100%
The Company	GoTop Investments Limited (GoTop)	Invest in foreign business of Holding Company	- % (Note1)	100%
MTK	Shanghai Microtek Technology Co., Ltd. (Shanghai Microtek Technology)	Sales of image scanners	100%	100%
Shanghai Microtek Technology	Microtek Computer Technology (Wu Jiang) Co. Ltd (Microtek Wu Jiang)	Manufacturing and sales of image scanners	100%	100%
Shanghai Microtek Technology	Shanghai Microtek Digital Technology Co., Ltd. (Shanghai Microtek Digital Technology)	Electronic product sales and after-sales service	100%	100%
Shanghai Microtek Technology	Shanghai Microtek Medical Device Co., Ltd. (Shanghai Microtek Medical)	Medical device sales, technology research and development and consulting	100%	100%
Shanghai Microtek Technology	Shanghai Joinwit Optoelectronic Tech Co., Ltd. (Shanghai Joinwit)	Optoelectronic communication equipment and electronic system services	65.92%	65.92%
Shanghai Joinwit	Shanghai Fong-teng Co., Ltd. (Shanghai Fong-teng)	Electronic communication technology consulting and services	70%	70%

Note 1: GoTop completed the liquidation process on November 17, 2023

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Foreign currency differences arising from retranslation are recognized in profit or loss.

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date with the exception of income and expenses, which are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

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

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

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

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

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

(6) Cash and cash equivalents

Cash comprise cash and cash in bank. Cash equivalents are short term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profitor loss (FVTPL). The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets at amortized cost

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

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

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

(b) Financial assets at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(c) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate feature;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, refundable deposit paid and other financial assets), and the ECL of contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 150 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings.

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. The Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

(e) Derecognition of financial assets

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

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

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

(c) Treasury shares

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

(d) Financial liabilities

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

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

(e) Derecognition of financial liabilities

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

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

(f) Offsetting of financial assets and liabilities

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

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(9) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in 'other equity - revaluation surplus' is transferred to retained earnings.

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

(10) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent expenditure

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

C. Depreciation

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

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 5 to 50 years

(b) Machinery and equipment: 3 to 5 years

(c) Other equipment: 2 to 5 years

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

D. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in ‘ other equity-revaluation surplus’ . Any loss is recognized in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in other comprehensive income and reduces the revaluation surplus within equity.

(11) Leases

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

A. As a lessee

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

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

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

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

(a) fixed payments including in substance fixed payments;

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

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

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

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

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

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

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Group will exercise an extension or a termination option; or

(e) there is any lease modifications

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

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet. If an arrangement contains lease and non-lease componenets, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a leases, the Group has elected not to separate non-lease componenets and account for the lease and non-lease components as a single lease component.

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

B. As a lessor

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

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(12) Intangible assets

A. Recognition and measurement

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

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

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

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

B. Subsequent expenditure

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

C. Amortization

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

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

(13) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

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

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Revenue from contract with customers

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

A. Sale of goods

The Group involves in research, develop, design, manufacture and sale of various image scanners and optoelectronic equipment. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Rendering of services

The Group’s provides scanning services to enterprises. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided. The proportion of services provided is determined based on the rendered services to date as a proportion of the total estimated rendered services of the transaction.
Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.
In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

C. Financing components

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

(15) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contribution are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

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

(16) Income taxes

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

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

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

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

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

C. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

A. the company has a legally enforcable right to set off current tax assets against current tax liabilities; and

B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(a) the same taxable entity; or

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

(17) Earnings per share

The Group discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(18) Operating segment information

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

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

Lease term

The Group determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise that option. In assessing whether a lessee is reasonably to exercise the options, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee. The Group reassesses whether it is reasonably certain to exercise an extension option or not to exercise the option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. If there is a change in the lease term, the Group recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

(1) Investment property

The fair value of investment property is based on a valuation issued by an independent appraiser who has certified professional qualification and related valuation experience in locations/types of the valuated investment property. In the process of assessing investment properties, the Group is required to make subjective judgments in determining the discounted cash flow under the income approach. Please refer to note 6(9) for important contractual terms and evaluation information.

(2) Impairment of property, plant and equipment (including right-of-use assets) and intangible assets.

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to note 6(7) for further description of the key assumptions used to determine the recoverable amount.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The financial management center of the Group is responsible for performing fair value verification, bringing the evaluation results to market with independent, reliable and representative executable price information, the Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the valuation.

The Group uses the observable market data to evaluate its assets and liabilities. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data. (unobservable inputs)

For the assumption used in fair value measurement, please refer to note 6(9) investment property and note 6(21) financial instruments.

6. Explanation of significant accounts:

(1) Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand, demand deposits and checking accounts	$ 308,619	314,848
Time deposits	36,575	37,771
Cash and cash equivalents in the consolidated statement of cash flows	**$ 345,194**	**352,619**

Please refer to note 6(21) for the credit risk, interest rate risk, currency risk and sensitivity analysis of the financial assets of the Group.

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

	December 31, 2023	December 31, 2022
Mandatorily Measured at FVTPL：		
Beneficiary certificates	**$ 320,822**	**287,515**

Please refer to note 6(21) for the credit risk, fair value, price risk and sensitivity analysis of the financial assets of the Group.

(3) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current asset		
Time deposits with maturities of more than three months	$ 364,278	444,269
Restricted bank deposits	109,871	12,990
	$ 474,149	**457,259**
Non-current assets		
Foreign listed corporate bonds	**$ 131,433**	**132,664**

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on the principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost. These financial assets were not at risk of expiry or impairment as of the reporting date.

For the years ended December 31, 2023 and 2022, the Group held domestic and foreign times deposit, with the weighted average interest rates were 4.52% and 3.80%, respectively.

For the years ended December 31, 2023 and 2022, the Group held foreign corporate bonds, with the effective interest rates of 0.65%~4.89%.

The above-mentioned financial assets were pledged as collateral, please refer to note 8.

Please refer to note 6(21) for the credit risk, fair value, interest rate risk, currency risk and sensitivity analysis of the financial assets of the Group.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activites	$ 1,477	691
Accounts receivable from operating activites	86,317	51,084
	87,794	51,775
Less: loss allowance	9,648	8,931
	$ 78,146	**42,844**

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

	December 31, 2023		
	Gross carrying amount	**Weighted average loss rate**	**Expected loss allowance**
Not past due	$ 68,321	0%	-
Past due 1 to 60 days	10,160	0%~13.13%	1,342
Past due 61 to 120 days	2,306	0%~65.68%	1,385
Past due 121 to 150 days	1,302	26.27%~100%	1,216
Past due 151 to 180 days	463	100%	463
Past due more than 180 days	5,242	100%	5,242
	$ 87,794		**9,648**

	December 31, 2022		
	Gross carrying amount	**Weighted average loss rate**	**Expected loss allowance**
Not past due	$ 33,362	0%~8.63%	384
Past due 1 to 60 days	8,841	0%~42.00%	1,403
Past due 61 to 120 days	4,184	0%~57.56%	1,805
Past due 121 to 150 days	403	0%~100%	354
Past due 151 to 180 days	625	100%	625
Past due more than 180 days	4,360	100%	4,360
	$ 51,775		**8,931**

The movement in the allowance for notes and account receivables were as follows:

	2023	**2022**
Beginning balance	8,931	6,802
Impairment loss recognized	920	3,088
Amount written-off	(52)	(1,046)
Exchange differences on translation of foreign financial statements	(151)	87
Ending balance	**$ 9,648**	**8,931**

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 72,156	99,814
Work in process and semi-finished products	35,872	47,564
Finished goods	47,602	83,069
	$ 155,630	**230,447**

The details of operating costs were as follows:

	2023	2022
Cost of goods sold	$ 369,291	372,614
Inventory evaluation, stranded and scrap loss	22,567	25,903
Unallocated production overheads	8,399	3,909
	$ 400,257	**402,426**

As of December 31, 2023 and 2022, the Group's inventories were not pledged.

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

	December 31, 2023	December 31, 2022
Mandatorily Measured at Fair Value through Profitor Loss:		
Unlisted common shares－Domex Technology Corporation	**$ 969**	**969**

The dividend of $226 related to the investments in both 2023 and 2022 were recognized.

Please refer to note 6(21) for the credit risk and fair value of the financial assets of the Group.

The Group's financial assets above were not pledged.

(7) Property, plant and equipment

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

		Buildings	Machinery and equipment	Other equipmen	Total
Cost:					
Balance at January 1, 2023	$	849,478	199,649	46,599	1,095,726
Additions		1,114	1,174	493	2,781
Disposals		-	(11,157)	(326)	(11,483)
Effect of exchange rates changes		(9,614)	(2,518)	(763)	(12,895)
Balance as of December 31, 2023	**$**	**840,978**	**187,148**	**46,003**	**1,074,129**
Balance at January 1, 2022	$	842,077	197,519	46,177	1,085,773
Additions		578	2,507	1,032	4,117
Reclassification		(852)	(2,384)	(1,222)	(4,458)
Effect of exchange rates changes		7,675	2,007	612	10,294
Balance as of December 31, 2022	**$**	**849,478**	**199,649**	**46,599**	**1,095,726**
Accumulated depreciation:					
Balance at January 1, 2023	$	440,541	189,314	40,263	670,118
Depreciation for the period		26,207	2,785	1,865	30,857
Disposals		-	(11,157)	(324)	(11,481)
Effect of exchange rates changes		(3,945)	(2,446)	(677)	(7,068)
Balance as of December 31, 2023	**$**	**462,803**	**178,496**	**41,127**	**682,426**
Balance at January 1, 2022	$	411,630	186,570	38,346	636,546
Depreciation for the period		27,210	3,194	2,641	33,045
Disposals		(852)	(2,384)	(1,215)	(4,451)
Effect of exchange rates changes		2,553	1,934	491	4,978
Balance as of December 31, 2022	**$**	**440,541**	**189,314**	**40,263**	**670,118**
Carrying amount:					
Balance as of December 31, 2023	**$**	**378,175**	**8,652**	**4,876**	**391,703**
Balance at January 1, 2023	**$**	**430,447**	**10,949**	**7,831**	**449,227**
Balance as of December 31, 2022	**$**	**408,937**	**10,335**	**6,336**	**425,608**

As of December 31, 2023 and 2022, part of the property, plant and equipment of the Group had been pledged as collateral for short term borrowings; please refer to note 8.

B. Impairment of property, plant and equipment

The Group assessed that the image scanner industry was affected by the global economy in 2023 and 2022. The volume of shipments continued to decline, resulting in continuous losses. An asset impairment test is therefore required for the Image Scanner Division's assets.

The Group's Image Scanner Division is a cash-generating unit (CGU), its recoverable amount is estimated on the basis of its value in use. The recoverable amount is higher than the carrying amount of this CGU as assessed on December 31, 2023 and 2022, therefore, no impairment loss was recognized.

The estimated value in use of 2023 and 2022 was calculated by post tax discount rate of 7.99% and 9.45%, respectively.

(8) Right-of-use assets

The Group leases land and buildings. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Total
Cost:			
Balance at January 1, 2023	$ 324,111	24,276	348,387
Disposals	-	(12,332)	(12,332)
Effect of exchange rates changes	(1,173)	(440)	(1,613)
Balance at December 31, 2023	**$ 322,938**	**11,504**	**334,442**
Balance at January 1, 2022	$ 320,013	19,843	339,856
Additions	3,160	11,717	14,877
Disposals	-	(7,466)	(7,466)
Effect of exchange rates changes	938	182	1,120
Balance at December 31, 2022	**$ 324,111**	**24,276**	**348,387**
Accumulated depreciation:			
Balance at January 1, 2023	$ 49,532	13,862	63,394
Depreciation for the period	12,491	3,894	16,385
Disposals	-	(12,332)	(12,332)
Effect of exchange rates changes	(146)	(311)	(457)
Balance at December 31, 2023	**$ 61,877**	**5,113**	**66,990**
Balance at January 1, 2022	$ 36,964	15,612	52,576
Depreciation for the period	12,500	5,576	18,076
Disposals	-	(7,466)	(7,466)
Effect of exchange rates changes	68	140	208
Balance at December 31, 2022	**$ 49,532**	**13,862**	**63,394**

	Land	Buildings	Total
Carrying amount:			
Balance at December 31, 2023	$ 261,061	6,391	267,452
Balance at January 1, 2023	$ 283,049	4,231	287,280
Balance at December 31, 2022	$ 274,579	10,414	284,993

B.Impairment of Right-of-use assets

The Group assessed that the image scanner industry was affected by the global economy in 2023 and 2022. The volume of shipments continued to decline, resulting in continuous losses. An asset impairment test is therefore required for the Image Scanner Division's assets.

The Group's Image Scanner Division is a cash-generating unit (CGU), its recoverable amount is estimated on the basis of its value in use. The recoverable amount is higher than the carrying amount of this CGU as assessed on December 31, 2023 and 2022, therefore, no impairment loss was recognized.

The estimated value in use of 2023 and 2022 was calculated by post tax discount rate of 7.99% and 9.45%, respectively.

(9) Investment property

Investment property comprises right-of-use assets under lease contracts, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 2 to 5 years.

For all investment property leases, the rental income is fixed under the contracts, please refer to note 6(13) for the details of the related rental income.

The movements in the investment property are as follows:

	Self-constructed asset	Right-of-use asset	
	Building and construction	Land	Total
Balance at January 1, 2023	$ 568,148	14,179	582,327
Change in fair value	1,592	1,515	3,107
Effect of exchange rates changes	(10,325)	(272)	(10,597)
Balance as of December 31, 2023	$ 559,415	15,422	574,837
Balance at January 1, 2022	$ 574,502	30,290	604,792
Change in fair value	(14,760)	(16,494)	(31,254)
Effect of exchange rates changes	8,406	383	8,789
	$ 568,148	14,179	582,327

The recurring fair value measurement for the investment properties has been categorized as a Level 3 fair value based on the input to the valuation technique used. The table above shows a reconciliation from the opening balances to the closing balances for Level 3 fair values. No transfer in or transfer out of Level 3 of fair value hierarchy is made during the periods.

The Group’ s investment properties were subsequently measured at fair value using the income approach after initial recognition. The relevant contract information and key assumptions used in the method were as follows:

A. As of December 31, 2023

Subject Matter	Floors 1~6, Building 37, No. 333, Qinjiang Road, Xuhui District, Shanghai City, China	Floors 3~4, Building 14, No. 470, Guiping Road, Xuhui District, Shanghai City, China
Contract terms	1.Rental：CNY609 thousands/month 2.Period：12~72months 3.Deposits：CNY1,219thousands	1.Rental：CNY180 thousands/month 2.Period：12~60months 3.Deposits：CNY360thousands
Rent at local market rate	Daily Rental：CNY2.9~3.33 dollars/ square meter	Daily Rental：CNY2.9~3.33 dollars/ square meter
Current market rent for comparable properties in similar locations and condition	Daily Rental：2.61 dollars/ square meter	Daily Rental：2.55 dollars/ square meter
Current status	In use	In use
Income generated	Approximately CNY7,312 thousands/year	Approximately CNY2,158 thousands/year
Capitalization rate	3.7%	3.7%
Discount rate	3.7%	3.7%
Appraised by external independent appraiser or self-appraisal	External independent appraiser	External independent appraiser
Appraiser office	Prudential Cross-Traight Real Estate Appraisers Firm	Prudential Cross-Traight Real Estate Appraisers Firm
Appraiser name	Lin Jinsheng, Xie Kun-long	Lin Jinsheng, Xie Kun-long
Appraisal date	December 31, 2023	December 31, 2023
Fair value by external independent appraiser(s)	CNY102,550 thousands(equivalent to NTD443,937 thousands)	CNY30,238 thousands(equivalent to NTD130,900 thousands)

B. As of December 31, 2022,

Subject Matter	Floors 1~6, Building 37, No. 333, Qinjiang Road, Xuhui District, Shanghai City, China	Floors 3~4, Building 14, No. 470, Guiping Road, Xuhui District, Shanghai City, China
Contract terms	1.Rental：CNY614 thousands/month 2.Period：12~72 months 3.Deposits：CNY1,228 thousands	1.Rental：CNY180 thousands/month 2.Period：12~48 months 3.Deposits：CNY360 thousands
Rent at local market rate	Daily Rental：2.66~2.73 dollars/ square meter	Daily Rental：2.8~3.0 dollars/ square meter
Current market rent for comparable properties in similar locations and condition	Daily Rental：2.63 dollars/ square meter	Daily Rental：2.55 dollars/ square meter
Current status	In use	In use
Income generated	Approximately CNY7,368 thousands/year	Approximately CNY2,158 thousands/year
Capitalization rate	3.6%	3.6%
Discount rate	3.6%	3.6%
Appraised by external independent appraiser or self-appraisal	External independent appraiser	External independent appraiser
Appraiser office	Prudential Cross-Traight Real Estate Appraisers Firm	Prudential Cross-Traight Real Estate Appraisers Firm
Appraiser name	Lin Jinsheng, Xie Kun-long	Lin Jinsheng, Xie Kun-long
Appraisal date	December 31, 2022	December 31, 2022
Fair value by external independent appraiser(s)	CNY102,359 thousand(equivalent to NTD451,299 thousand)	CNY29,718 thousand(equivalent to NTD131,028 thousand)

In accordance with Article34 of the Regulations on Real Estate Appraisal, the procedures of the income approach include calculating the effective gross income and total expenses, computing the net operating income, determining the discount rate, and computing the income price. The assumptions used by the Group for the estimations above were the recent years data from the subject property and comparable properties which have similar characteristics, and these data were assessed and adjusted based on their persistency, stability, and growth to ensure the availability and reasonableness of these data. The movement of income (cash inflows) and expenditure (cash outflows) for future periods was based on the vacancies or losses, existing or future cash flow plans of the Group, and historical cash flows from the subject property, identical properties, or properties in the same industry.

The estimation and computation of the net income were based on the highest and best use of the subject property and have taken into consideration the income generated from comparable properties in the same location based on their highest and best use.

The discount rate is based on the fixed deposit interest rate, government bonds rate, real estate investment risk, money supply-demand variation, the trend of real estate value and etc. are taken into consideration to decide the likely rate of return on the most common investment as a basis in order to derive the discount rate. As of December 31, 2023 and 2022, the discount rate were 3.7% and 3.6%, respectively. And the weighted average capitalization rate were 3.7% and 3.6%, respectively, derived as the ratio of annual net operating income of comparable properties divided by reasonable price.

C. As of December 31, 2023 and 2022, the aforesaid investment properties were not pledged as collateral.

(10) Goodwill

	Goodwill
Fair value:	
Balance as of December 31, 2023	**$ 49,854**
Balance as of January 1, 2022	**$ 49,854**
Balance as of December 31, 2022	**$ 49,854**

For the purpose of impairment testing, the total carrying amount of goodwill is directly vested in the Image Scanner Division. The Group conducts impairment assessment on goodwill at least once a year on the reporting date. Impairment of goodwill is determined by calculating the recoverable amount and net asset of the Image Scanner Division to assess if it is necessary to recognize the impairment. The Group's goodwill was assessed to be free from impairment.

The recoverable amount of the Image Scanner Division of the Group is determined by the value of use, which is calculated based on the pre-tax cash flow forecast approved by management for the five-year financial budget.

The key assumptions for the estimation of value in use were as follows:

	December 31, 2023	**December 31, 2022**
Discount Rate	7.99 %	9.45 %
Growth rate	- %	- %

(11) Short-term borrowings

	December 31, 2023	**December 31, 2022**
Secured bank loans	**$ 50,000**	**107,000**
Unused short-term credit lines	**$ 210,000**	**53,000**
Range of Interest Rates	**1.74%~2.025%**	**2.25%**

For the collateral for short term note borrowings, please refer to note 8.

(12) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 13,819	13,464
Non current	$ 205,647	219,590

For the maturity analysis, please refer to note 6(21) Financial Instruments.

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 3,298	3,265
Expenses relating to short-term leases	$ 2,386	565

The amounts recognized in the consolidated statement of cash flows were as follows:

	2023	2023
Total cash outflow for leases	$ 19,136	19,094

A. Leases of land and buildings

The Group leases land and buildings for its factories and office spaces use. The leases of land typically run for a period of 20 years, and the office spaces for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of land and office spaces contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

In addition, the lease payment of the land of Science Park contract depends on the current land price set by the local district, and the additional construction cost of the public facilities is adjusted after the calculation.

B. Other leases

In addition, The Group lease office spaces and employee dormitories for one year. It have elected not to recognize the right-of-use assets and lease liabilities for short-term leases.

(13) Operating lease

The Group leased out its investment properties and part of its factories and office spaces, and did not transfer substantially all the risks and rewards incidental to their ownership to the lessees, therefore, those leases were recognized as operating leases.

As of December 31, 2023 and 2022, a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, was as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ 112,530	109,733
One to two years	75,458	73,320
Two to three years	55,229	53,729
Three to four years	30,640	38,588
Four to five years	3,373	27,046
More than five years	555	950
Total undiscounted lease payments	**$ 277,785**	**303,366**

For the years ended December 31, 2023 and 2022, the operating leases of $88,435 thousand and $90,607 thousand, respectively, were recognized as rental income.

For the years ended December 31, 2023 and 2022, net rental revenues from investment properties amounted to $37,885 thousand and $39,984 thousand, respectively. Repair and maintenance expenses arising from investment property (recognized as non-operating income and expenses) were as follows:

	2023	2022
Rent income	**$ 201**	**33**

(14) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Group as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ (77,360)	(77,854)
Fair value of plan assets	92,852	92,539
Net defined benefit assets	**$ 15,492**	**14,685**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $92,852 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligation of the Group for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Defined benefit obligation at January 1	$ 77,854	82,711
Current service costs and interest	977	498
Remeasurements of the net defined benefit asset		
－Actuarial gain arising from experience adjustments	239	3,914
－Actuarial loss arising from changes in financial assumptions	-	(1,100)
Benefits paid from plan assets	(1,710)	(8,169)
Defined benefit obligation at December 31	**$ 77,360**	**77,854**

(c) Movements in the fair value of the plan assets

The movements in the fair value of the defined benefit plan assets of the Group for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Fair value of plan assets at January 1	$ 92,539	92,631
Estimated compensation for plan assets	1,110	510
Remeasurements of the net defined benefit asset		
－Return on plan assets (excluding current interest)	913	7,567
Contributions made	(1,710)	(8,169)
Fair value of plan assets as of December 31	**$ 92,852**	**92,539**

(d) Expenses recognized in profit or loss

The Group's expenses recognized in profit or losses for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Current service cost	$ 42	42
Net interest on the net defined benefit asset	(175)	(54)
	$ (133)	**(12)**

(e) Actuarial assumptions

The following are the Group's principal actuarial assumptions of the present value of the defined benefit obligations at the reporting date:

	December 31, 2023	December 31, 2022
Discount Rate	1.20 %	1.20 %
Future salary increases rate	3.00 %	3.00 %

The Group has applied for approval from the Hsinchu Science Park Bureau to suspend the allocation of labor retirement reserves for the years ended December 31, 2023 and 2022.

The weighted average lifetime of the defined benefits plans is 5.6 years.

(f) Sensitivity analysis

If there is a change in the acturial assumptions as of the December 31, 2023 and 2022, the impact on the defined benefit obligation would be as follows:

	Impact on the defined benefit obligation			
	December 31, 2023		December 31, 2022	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount Rate	$ (743)	762	(877)	899
	Increase 1.00%	Decrease 1.00%	Increase 1.00%	Decrease 1.00%
Future salary increases rate	$ 3,177	(2,940)	3,730	(3,437)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other.

The approach used in recognizing the net defined liability in the balance sheets is the same as the one used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Group should contribute 6% of its employees' monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations

The Group's pension costs under the defined contribution plan were $3,785 thousand and $4,158 thousand for the years ended December 31, 2023 and 2022, respectively.

Each foreign consolidated subsidiaries recognized pension cost in accordance with local laws were $10,531 thousand and $9,954 thousand tc for the years ended December 31, 2023 and 2022, respectively.

(15) Income taxes

A. Income tax expenses:

The amounts of income tax expenses for the years ended December 31, 2023 and 2022, were as follows:

		2023	2022
Current income tax expense			
Current period	$	15,535	19,153
Deferred tax expense(income)			
Origination and reversal of temporary differences		1,650	(5,411)
Income tax expense	**$**	**17,185**	**13,742**

The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of the defined benefit plans	$	135	950
Affected Amount by subsidiaries tax rate adjustment		-	51,623
	$	**135**	**52,573**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$	(4,018)	11,047

The reconciliation of income tax expenses and income before income tax:

	2023	2022
Income before income tax	$ **39,452**	**32,556**
Income tax using the Company's domestic tax rate	$ 7,890	6,511
Effects of different tax rates in foreign jurisdictions	(5,448)	(2,236)
Adjustment of permanent difference	(1,447)	(4,972)
Tax withheld on remittance of overseas income	6,434	10,924
Change in unrecognized temporary differences and others	9,756	3,515
Income tax expense	$ **17,185**	**13,742**

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Group has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	December 31, 2023	December 31, 2022
The temporary differences associated with investments in subsidiaries	$ **2,563**	**2,467**

(b) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Carry forwards of unused tax losses	$ 47,805	44,570
Deductible temporary differences	13,855	31,780
	$ **61,660**	**76,350**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year loss occured	Unused operating loss Carry forwards	Expiration year
2019 (assessed)	$ **43,458**	2029

As of December 31, 2023, the information of Microtek Computer Technology (Wu Jiang) Co., Ltd. unused tax losses for which no deferred tax assets were recognized is as follows:

Year loss occured	Unused operating loss Carry forwards	Expiration year
2019 (assessed)	$ 19,701	2024
2020 (assessed)	361	2025
2022 (assessed)	592	2027
	$ 20,654	

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	Effect of differences on translation of foreign financial statement	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	Effect of differences on translation of foreign financial statement	December 31, 2023
Deferred tax assets:									
Loss carry forward	$ 27,745	(8,664)	-	-	19,081	(7,550)	-	-	11,531
Other	5,521	4,055	(950)	46	8,672	(268)	(135)	(141)	8,128
	$ 33,266	**(4,609)**	**(950)**	**46**	**27,753**	**(7,818)**	**(135)**	**(141)**	**19,659**

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	Effect of differences on translation of foreign financial statement	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	Effect of differences on translation of foreign financial statement	December 31, 2023
Deferred tax liabilities:									
Revaluation gains from consolidated subsidiaries	$ (77,434)	-	(51,623)	17,385	(111,672)	-	-	2,024	(109,648)
Investment in equity -accounted subsidiaries	(47,028)	16,845	-	-	(30,183)	7,120	-	-	(23,063)
Exchange gain on translation of foreign financial statements and others	(4,385)	(6,825)	(11,047)	(237)	(22,494)	(952)	4,018	459	(18,969)
	$ (128,847)	**10,020**	**(62,670)**	**17,148**	**(164,349)**	**6,168**	**4,018**	**2,483**	**(151,680)**

C. Assessment of tax

The Company’s income tax returns had been assessed by the tax authorities through 2021.

(16) Capital and other equity

The reconciliation of shares outstanding for 2023 and 2022, was as follows:

	Ordinary share	
(in thousands of shares)	**2023**	**2022**
Balance as of January 1 (Blance on December 31)	**202,726**	**202,726**

A. Common stock

In December 1999, the Company made a capital increase of 80,000 thousand new shares, subject to the restrictions imposed by the securities regulatory authorities on listing and permission to trade in such shares pursuant to Article 139 Paragraph 2 of the Securities and Exchange Act. An application for the lifting of the listing restriction on trading in the cash capital increase shares is made only after the Company has complied with the listing profitability criteria set by the Taiwan Stock Exchange. As of December 31, 2023, the trading restrictions on the shares had not been lifted, and the remaining rights and obligations were the same as those in issue.

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to $4,000,000 thousand with issued common stock amounting to $2,056,608 thousand at a par value of $10 New Taiwan dollars.

B. Retain earning

The Company's articles of incorporation stipulated that Company's earnings before tax, if any, shall be distributed in the following order:

(a) payment of all taxes;

(b) offset operating losses;

(c) A 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital.

(d) An amount shall be set aside or reversed as a special reserve in accordance with related laws.

(e) subject to subsections (1) to (4), the balance and the unallocated reserve at the beginning of the same period were the accumulated distributable reserves.

According to the dividend policy, the Company shall allocate at least 50% of the accumulated distributable surplus for the year, but if the dividend per share falls below $0.5 New Taiwan dollars, such factors as the cost of payment may be considered, and not to allocate. Dividend distribution takes precedence over cash dividends, if the distributable dividend exceeds $2 New Taiwan dollars per share, then it is appropriate to allocate the stock dividends, however, the proportion of stock dividend distribution cannot exceed 50% of the amount of total dividends.

The deficit compensation for 2022 and 2021 which was approved during the stockholders' meeting held on May 30, 2023 and May 26, 2022, respectively, was consistent with the resolution approved by the Board of Directors. There is no difference between the allocation of its losses and the proposed content of the Board of Directors of the Company. The information is available at the Market Observation Post System website.

The deficit compensation for 2023 was presented for a resolution in the Board of Directors' meeting on March 11, 2024, which are then to be approved in annual stockholders' meeting. The information will be available on the Market Observation Post System website.

C. Other equity

		Exchange differences on translation of foreign financial statements	Gains on Revaluation	Attributable to on-controlling interests	Total
Balance at January 1, 2023	$	(135,370)	387,172	47,644	299,446
Net income after tax		-	-	15,466	15,466
Exchange differences on foreign operations (net of tax)		(16,075)	-	(1,057)	(17,132)
Cash dividends paid		-	-	(5,911)	(5,911)
Balance at December 31, 2023	**$**	**(151,445)**	**387,172**	**56,142**	**291,869**
Balance at January 1, 2022	$	(179,558)	438,795	43,913	303,150
Net income after tax		-	-	6,395	6,395
Exchange differences on foreign operations (net of tax)		44,188	-	649	44,837
Cash dividends paid		-	-	(3,313)	(3,313)
Amount affected by property increments accounted using equity method tax rate change		-	(51,623)	-	(51,623)
Balance at December 31, 2022	**$**	**(135,370)**	**387,172**	**47,644**	**299,446**

D. Treasury shares

Adara International Inc . (covered by Adara) converted the convertible bonds of the Company into 2,935 thousand shares of the Company in January 1998. As of December 31, 2023 and 2022, The Company's shares held by Adara both were 2,935 thousand shares, and original costs were both $49,781 thousand; the market values were $66,610 thousand and $74,973 thousand, respectively.

According to regulations of the competent securities authority, since January 1, 2002, the Company' s shares held by subsidiaries were deemed to be treasury shares. However, the difference between the market price of the shares held by subsidiaries at the end of the period below the book value, shall be calculated by the Company on a pro rata basis. No special reserve may be allocated for the same amount. The special reserve may be reversed when the market value recovers in subsequent periods. The above-mentioned recognition or reversal of a special reserve shall be dealt with other non-treasury shares, as a deduction to shareholders' equity. As of December 2023 and 2022, the market price of shares higher than book value which held by Adara International Inc. (covered by Adara). Therefore no abovementioned special reserve is set out above.

(17) Earnings per share

The calculation of basic earnings per share of the Group was as follows:

	2023	2022
Basic earnings per share:		
Net income attributable to ordinary shares of parent comapny	$ 6,801	12,419
Weighted-average number of ordinary shares (in thousands)	202,726	202,726
Basic earnings per share(NTD)	$ 0.03	0.06

The Company has no potentially dilutive ordinary shares.

(18) Revenue from contracts with customers

A. Primary geographical markets

	2023		
	Image scanner	Optoelect-ronics	Total
Primary geographical markets:			
China	$ 120,838	321,679	442,517
Other countries	75,864	57,526	133,390
	$ 196,702	379,205	575,907

	2023		
	Image scanner	Optoelect-ronics	Total
Major products:			
Image scanner	$ 196,702	-	196,702
Optoelectronics	-	379,205	379,205
	$ 196,702	379,205	575,907

	2022		
	Image scanner	Optoelect-ronics	Total
Primary geographical markets:			
China	$ 158,179	226,697	384,876
Other countries	98,312	71,721	170,033
	$ 256,491	298,418	554,909
Major products:			
Image scanner	$ 256,490	-	256,490
Optoelectronics	-	298,419	298,419
	$ 256,490	298,419	554,909

B. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets－service income (recorded in other current assets)	$ -	199	755
Contract liability－products	$ 33,855	29,070	21,476

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $26,467 thousand and $15,564 thousand, respectively

(19) Remuneration to employees and directors

In accordance with the articles of incorporation, the Company should contribute 2% to 10% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The Company has incurred accumulated deficits for the years ended December 31, 2023 and 2022, therefore, no remuneration to employees and directors was estimated for the year then ended. The amounts of employees' and directors' remuneration allocated by the aforesaid Board resolutions on March 11, 2024, and March 14, 2023, and the estimated amounts in the financial statements of 2023 and 2022 was no difference between the actual amounts and the amounts accrued. The information is available on the Market Observation Post System website.

(20) Non-operating income and expenses

A. Interest income

	2023	2022
Interest income from bank deposits	$ 5,631	8,998
Interest income from financial assets measured at amortized cost	20,235	4,368
	$ 25,866	13,366

B. Other gains and losses

	2023	2022
Gains on disposal of property, plant and equipment	$ 22	12
Gains on financial assets at FVTPL	23,563	12,178
Foreign exchange gains (losses), net	(4,303)	45,335
Gains (losses) fair value adjustment investment property	3,107	(31,254)
Rental Cost	(37,859)	(38,466)
Others	8,725	12,815
	$ (6,745)	620

(21) Financial instruments

A. Credit risk

(a) The maximum exposure to credit risk

The carrying amounts of financial assets and contract assets represented the maximum credit risk exposure of the Group.

(b) Concentration of credit risk

The principal non-cash sales targets of the Group are reputable domestic and foreign companies. In addition to giving credit lines to customers under the credit processing procedures, the Group continues to understand the credit status of customers. As of December 31, 2023 and 2022, the Group's major customers consisted of both 3 customers which accounted for 55% and 26%, respectively, of accounts receivable, thus, the credit risk is significantly centralized. However, the Group still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, the management expects that there will be no significant loss in the future.

(c) Receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note 6(4).

Other financial assets measured at amortized cost include time deposits,restricted bank deposits and Foreign listed corporate bonds.

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk,please refer to note 4(7)).

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities (including estimated interest payments):

	Carrying amount	Contractual cash flows	Within 1 year	2 to 5 years	More than 5 years
December 31, 2023					
Non derivative financial liabilities					
Short-term borrowings	$ 50,000	(50,129)	(50,129)	-	-
Accounts payable	51,256	(51,256)	(51,256)	-	-
Accrued expenses	73,053	(73,053)	(73,053)	-	-
Lease liabilities	219,466	(248,001)	(16,816)	(53,558)	(177,627)
Refundable deposits (Recorded other current and other non-current liabilities)	22,374	(22,374)	(3,321)	(19,053)	-
	$ 416,149	**(444,813)**	**(194,575)**	**(72,611)**	**(177,627)**

	Carrying amount	Contractual cash flows	Within 1 year	2 to 5 years	More than 5 years
December 31, 2022					
Non derivative financial liabilities					
Short-term borrowings	$ 107,000	(107,906)	(107,906)	-	-
Accounts payable	64,665	(64,665)	(64,665)	-	-
Accrued expenses	59,372	(59,372)	(59,372)	-	-
Lease liabilities	233,054	(264,893)	(16,764)	(57,815)	(190,314)
Refundable deposits (recorded in other non-current liabilities)	23,794	(23,794)	(22,537)	(1,257)	-
	$ 487,885	**(520,630)**	**(271,244)**	**(59,072)**	**(190,314)**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to currency risk

The Group's financial assets and liabilities exposed to exchange rate risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial asset						
Monetary items						
USD	$ 19,621	30.735	603,040	16,052	30.708	492,912
Financial Liabilities						
Monetary items						
USD	13	30.735	392	151	30.708	4,647

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables, other reveivables and accounts payable, that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD at December 31, 2023 and 2022, would have increased or decreased the profit before income tax by $6,026 thousand and $4,883 thousand, respectively.

(c) Foreign exchange Gains or losses on monetary items

As the Group deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the net foreign currency exchange losses (including realized and unrealized) including U.S dollars and other currencies was (4,303) thousand and 45,335 thousand, respectively.

D. Interest rate risk

The following sensitivity analysis is based on non-derivative instruments the exposure to the interest rate risk. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 1%, the Group's net income before income tax would have increased or decreased by $5,430 thousand and $4,865 thousand respectively for the years ended December 31, 2023 and 2022 with all other variable factors remaining constant. The change is mainly due to the Group's savings accounts. The bank deposits with floating rate were $307,911 thousand and $314,199 thousand, financial assets at fair value through profit or loss amounted to $235,074 thousand and $172,297 thousand, respectively.

E. Other market price risks

If the price of the beneficial certificate, equity securities, and financial prouduct in the reporting date rises or falls by 1%, and the other variables remain constant, the income before income tax would have increase or decrease by $867 thousand and $1,162 thousand for the years ended December 31, 2023 and 2022, respectively.

F. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets and liabilities at FVTPL is measured on a recurring basis. The Group's carrying amount and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities), were as follows:

	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Unlisted common shares	$ 969	-	-	969	969
Beneficiary certificates	320,822	85,748	235,074	-	320,822
	$ 321,791	**85,748**	**235,074**	**969**	**321,791**

	December 31, 2023				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 345,194	-	-	-	-
Time deposits with maturities of more than three months	364,278	-	-	-	-
Foreign listed corporate bonds	131,433	-	-	-	-
Restricted bank deposits	109,871	-	-	-	-
Notes and accounts receivable, net	78,146	-	-	-	-
Other financial assets	11,690	-	-	-	-
Refundable deposits(other current and non-current assets)	3,794	-	-	-	-
	$ 1,044,406	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Short-term borrowings	$ 50,000	-	-	-	-
Accounts payable	51,256	-	-	-	-
Accrued expenses	73,053	-	-	-	-
Lease liabilities	219,466	-	-	-	-
Deposits received(recorded in other current and non-current assets)	22,374	-	-	-	-
	$ 416,149	**-**	**-**	**-**	**-**

	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Unlisted common shares	$ 969	-	-	969	969
Beneficiary certificates	287,515	115,218	172,297	-	287,515
	$ 288,484	**115,218**	**172,297**	**969**	**288,484**

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 352,619	-	-	-	-
Time deposits with maturities of more than three months	444,269	-	-	-	-
Foreign listed corporate bonds	132,664	-	-	-	-
Restricted deposits	12,990	-	-	-	-
Notes and accounts receivable, net	42,844	-	-	-	-
Other financial assets	11,722	-	-	-	-
Refundable deposits(other current and non-current	3,947	-	-	-	-
	$ 1,001,055	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Short-term borrowings	$ 107,000	-	-	-	-
Accounts payable	64,665	-	-	-	-
Accrued expenses	59,372	-	-	-	-
Lease liabilities	233,054	-	-	-	-
Deposits received (recorded in other current and non-current assets)	23,794	-	-	-	-
	$ 487,885	**-**	**-**	**-**	**-**

(b) Valuation techniques for financial instruments not measured at fair value

The Group estimates its financial instruments (financial assets and financial liabilities) measured at amortized cost not measured at fair value using the following methods and assumptions:

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

(c) Valuation techniques for financial instruments measured at fair value

i. The beneficiary certificates held by the Group are measured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

ii. If the financial instruments held by the Group have no active market, the measurements of fair value are categorized as follows:

Equity instruments without public quotes: The revenue method is used to estimate fair value. The principal assumption is that, through the discount process, the future interest flows generated by the investment target are converted to the value of target on the basis of the future interest flows generated by the investment target.

(d) There were no transfers from one level to another in 2023 and 2022

(e) The reconciliation of Level 3 fair values

	Financial assets at FVTPL	
	2023	**2022**
January 1	$ 969	972
Recognized in Profit or loss	-	(3)
December 31, 2021	**$ 969**	**969**

(f) Quantified information on significant unobservable inputs (level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure the fair value include financial assets at FVTPL equity investments.

The Group classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs are as follows:

Item	**Valuation Technique**	**Significant Non-observable Input**	**The Relationship between Significant Non observable Input and Fair Value**
Financial assets at FVPTL ── equity instruments without active market	Income Approach	· Long-term revenue growth rate as of December 31, 2023 and December 31, 2022 are both 0%. ·Weighted average capital cost as of December 31, 2023 and December 31, 2022 are 8.13% and 6.36%.	· The higher the long-term income growth rate, the higher the fair value. · The higher the weighted average cost of capital, the lower the fair value.

(22) Financial risk management

A. Overview

The Group is exposed to the following risks due to usage of financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

B. Structure of risk management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group’s risk management policies are established to identify and analyze the risks being faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Auditor. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables.

(a) Accounts receivable and other receivables

The Group established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group’s standard payment and delivery terms and conditions are offered.

The Group does not require any collateral for accounts receivable and other receivables.

(b) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group’s finance department.The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(c) Guarantees

As of December 31, 2023 and 2022, there is no guarantee outstanding.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to manage liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

Liquidity risk of the Group is monitored through its financial department which tracks the development of the actual cash flow position for the Group’s and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Financial department invests surplus cash in money market deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due, without incurring unacceptable losses or risking damage to the Group’s reputation. As of December 31, 2023 and 2022, the working capital of the Group and the amount of outstanding borrowings currently held by banks are $210,000 thousand and $53,000 thousand, respectively,which should be sufficient to meet all contractual obligations.There is therefore no liquidity risk that cannot be raised to meet contractual obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

To manage the risk of changes in market exchange rates, interest rates and equity securities prices, the combined Group is subject to review and approval by the Board of Directors and the relevant financial operations are subject to internal audit. The related administrative instructions are as follows:

(a) The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the Group. The respective functional currencies of the Group’s entities are primarily the New Taiwan dollar (NTD), US dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, and CNY.

The Group transfers US dollar time deposits to earn higher interest income after receiving and considering the current state of funds. The Group continuously assesses the exchange rate and interest rate movements and adjusts the monetary assets portion of the foreign currency denominated assets to ensure that the net exposure is at an acceptable level.

(b) The interest rate on borrowings is agreed upon in accordance with the contract and the decision on financing is determined by the Board of Directors' authority to the Chairman.

(c) Significant investments in the portfolio are managed individually and all trading decisions are approved by the Board of Directors.

(23) Capital management

The objective of managing capital of the Board of Directors is to ensure that the Group will provide sufficient remuneration to its shareholders by optimizing its debt and equity balance in the context of continuing operations and growth.

The capital structure management strategy of the Board of Directors is based on the size of the industry, future costs of the industry and product roadmap of the Group to set the appropriate market share of the Group and to plan the working capital and cash required. To make a comprehensive plan for the size of the assets required for the long-term development of the Group, and finally to evaluate potential product marginal contribution, operating interest rate and cash flow based on the competitiveness of the combined Group' s products, taking into account risk factors such as fluctuations in the industry cycle and product life cycle. To determine the appropriate capital structure of the combined company.

The Group's liability-to-equity ratio at the end of each reporting period was as follows:

	December 31, 2023	December 31, 2022
Total Liabilities	633,699	713,716
Less: cash and cash equivalents	(345,194)	(352,619)
Net debt	**$ 288,505**	**361,097**
Total Equity	**$ 2,230,173**	**2,230,410**
Debt-to-adjusted-capital ratio	**12.94%**	**16.19%**

(24) Financing activities of non-cash transactions

A. For-right-of use assets under lease, please refer to notes 6(8).

B. The reconciliation of liabilities arising from financing activities were as follows:

	January 1,2023	Cash flow	Non-cash changes	December 31, 2023
Short-term borrowings	$ 107,000	(57,000)	-	50,000
Deposits received	23,794	(1,420)	-	22,374
Lease liabilities	233,054	(13,452)	(136)	219,466
Total liabilities from financing activities	**$ 363,848**	**(71,872)**	**(136)**	**291,840**

	January 1,2022	Cash flow	Non-cash changes	December 31, 2022
Short-term borrowings	$ 80,000	27,000	-	107,000
Deposits received	23,533	261	-	23,794
Lease liabilities	233,505	(15,264)	14,813	233,054
Total liabilities from financing activities	**$ 337,038**	**11,997**	**14,813**	**363,848**

7. Related-party transactions:

(1) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the consolidated financial statements:

Name of related parties	Relationship with the Group
Wilson Investment Ltd.	Related-Party in Substance

(2) Significant transactions with related parties

A. Lease agreement

The Group leases offices, located in Da An district, Taipei City, from related party Wilson Investment Ltd. The lease period began from January 1, 2023 to December 31, 2023. The rent calculation refers to other individual cases in the whole building and adjusts according to the lease area. The rent is paid monthly, annual rent is $1,920 thousand and total contract value is $9,600 thousand.

For the years ended December 31, 2022, the Group recognized $1,981 thousand as depreciation expense, and the interest expense were $13 thousand. As of December 31, 2022, the balance of lease liabilities were $0.

B. Rent expense

The Group leases offices, located in Da An district, Taipei City, from related party Wilson Investment Ltd. The lease period began from January 1, 2023 to December 31, 2023. It have elected not to recognize the right-of-use assets and lease liabilities for short-term leases. As of December 31, 2023, the Group recognize rent expense $1,920 thousand.

(3) Respectively transactions with key management personnel

Key management personnel compensation

	2023	2022
Short-term employee benefits	$ 22,814	24,068
Post-employment benefits	962	4,713
	$ 23,776	**28,781**

8. Pledged assets:

Pledged assets	Accounts	Object	December 31, 2023	December 31, 2022
Buildings	Property, Plant and Equipment	Credit lines / short term borrowings	$ 74,363	80,655
Time deposits	Financial assets at amortized cost－current	Land guarantee deposits for the Hsinchu Science Park	12,990	12,990
Time deposits	Financial assets at amortized cost－current	Credit lines / short term borrowings	96,881	-
			$ 184,234	**93,645**

9. Commitments and contingencies: None

10. Losses Due to Major Disasters: None

11. Subsequent Events: None

12. Other:

The following is the summary statement of current period employee benefits, depreciation, and amortization expenses by function:

By funtion / By item	For the years ended December 31					
	2023			2022		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	37,420	156,973	194,393	43,203	148,424	191,627
Labor and health insurance	3,453	11,639	15,092	4,131	11,864	15,995
Pension	4,324	9,974	14,298	4,403	9,709	14,112
Others	2,710	6,270	8,980	2,843	5,321	8,164
Depreciation (Note)	10,384	18,875	29,259	10,538	21,592	32,130

Note: The Group’s depreciation expenses for assets leased to others under operating leases were $17,983 thousand and $18,991 thousand, respectively, in 2023 and 2022, and the depreciation expenses were recognized in non-operating expenses.

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group.

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please related to Table 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

I. Trading in derivative instruments: None.

J. Business relationships and significant intercompany transactions: Please related to Table 2.

(2) Information on investees: Please related to Table 3.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 4.

B. Limitation on investment in Mainland China: Please refer to Table 4.

C. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(4) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Youe Chung Investment Co., Ltd.	40,966,000	19.91 %
Wilson Investment Ltd.	37,528,872	18.24 %
Paulko Enterprise Co., Ltd.	36,201,662	17.60 %
San Yu Lumber & Plywood Corp.	30,197,303	14.68 %

A. Information about the substantial shareholders of this form is provided by the General Insurance Company on the last business day of each quarter. The total number of ordinary shares and special shares in which the calculation of shareholders' holding company has completed the unincorporated delivery (including treasury shares) is more than 5%. As to the number of shares recorded in the Group's financial reports that are not physically registered as delivered by the Group, the basis of the calculation may be different and vary.

B. The above information, in the case of a shareholder's delivery of shares to a trust, is disclosed by the individual sub-account of the principal who opened the trust in favor of the trustee. As to the declaration of the shareholders' shareholding of an insider in excess of 10% by virtue of the Securities Trading Act, the shareholding of the shareholders includes the addition of the shares of the shareholders in trust and the application of the right of decision in respect of the trust property, and so on. For information on the declaration of the rights of the insider, please refer to the Public Information Observatory.

14. Segment information:

(1) General information

The Group has two reporting departments: The image scanner division and the optoelectronics division. The image scanner division is engaged in the design, manufacture and sale of digital video input/output hardware and software equipment, while the optoelectronics division is engaged in the research, manufacture and sale of optical source devices, light instrument instruments and light source manufacturing systems.

The Group's reported segments consist of strategic business units which provide essentially different products and services. They offer different products and services, and are managed separately because they require different technological and marketing strategies.

(2) Information about reportable segments and their measurement and reconciliations

The Group had allocated income tax expense (benefit) and non-recurring gains and losses to segments that need to be reported. In addition, all the gains and losses of the segments that need to be reported included significant non-cash items including (depreciation and amortization.)The reportable amount is similar to that in the report used by the chief operating decision maker. There was no material differences between the accounting policies of the operating segment and the accounting policies described in Note (4). The profit and loss of the operating segment of the Group is measured by net profit of the term and as the basis for performance measurement.

The Group's operating segment information and the reconciliation were as follows:

		For the year ended December 31, 2023			
		Image scanner	**Optoelect-ronics**	**Reconciliation and elimination**	**Total**
Revenue from external customers	$	196,702	379,205	-	575,907
Interest income	$	25,046	820	-	25,866
Interest expense	$	4,564	368	-	4,932
Depreciation and amortization expense	$	42,216	5,026	-	47,242
Reportable segment net operating income	$	(23,114)	45,381	-	22,267
Reportable segment assets	$	2,580,021	283,851	-	2,863,872
Reportable segment liabilities	$	515,095	118,604	-	633,699

		For the year ended December 31, 2022			
		Image scanner	**Optoelect-ronics**	**Reconciliation and elimination**	**Total**
Revenue from external customers	$	256,491	298,418	-	554,909
Interest income	$	12,349	1,017	-	13,366
Interest expense	$	4,488	193	-	4,681
Depreciation and amortization expense	$	46,623	4,498	-	51,121
Reportable segment net operating income	$	51	18,763	-	18,814
Reportable segment assets	$	2,698,990	245,136	-	2,944,126
Reportable segment liabilities	$	608,902	104,814	-	713,716

(3) Products information

Please refer to note 6(18) for details of the product categories of contract revenue for customers in 2023 and 2022.

(4) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

A. Revenue from external customers:

Please refer to note 6(18) for details of the geographical information of contract revenue for customers in 2023 and 2022.

B. Non-current assets:

Geographical Segements	December 31, 2023	December 31, 2022
China	$ 953,686	993,857
Taiwan	285,882	304,299
	$ 1,239,568	**1,298,156**

Note: Non-current assets do not include financial instruments, goodwill, deferred income tax assets and net defined benefit assets.

(5) Major customers

	2023	2022
InnoLight Technology Corporation	**$ 61,744**	**28,478**

Microtek International Inc. and Subsidiaries

Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2023

Table 1

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership (%) during the year	Note
Shanghai Microtek Digital Technology	China Resources Yuanta Money Market Fund	None	Financial assets at fair value through profit or loss-current	8,457	36,612	-	36,612	-	
Shanghai Microtek Technology	China Resources Yuanta Money Market Fund	None	Same as above	10,988	47,568	-	47,568	-	
Shanghai Microtek Technology	National Trust-Jialong No.98	None	Same as above	-	169,141	-	169,141	-	
Shanghai Joinwit Optoelectronic Tech Co., Ltd	National Trust Jialong No.112	None	Same as above	-	65,933	-	65,933	-	
Adara	Cathay Taiwan Money Market Fund	None	Same as above	123	1,568		1,568	-	
				Subtotal	320,822		320,822		
The Company	Domex Technology Corp.	None	Assets at fair value through profit or loss-non-current	65	969	0.32	969	-	
Adara	Epoch Electronics Corp.	None	Same as above	499	-	7.67	-	-	
				Subtotal	969		969		
Adara	Microtek International Inc.	Parent	Assets at fair value through profit or loss-non-current	2,935	66,610	1.43	66,610	1.43	Note 1, 2
The Company	Foreign Corporate bonds- HYUNDAI CAPITAL AMERICA	None	Financial assets at amortized cost-current	-	15,384	-	15,384	-	
The Company	Foreign Corporate bonds- CITI GROUP INC	None	Same as above	-	15,425	-	15,425	-	
The Company	Foreign Corporate bonds- HSBC HOLDINGS PLC	None	Same as above	-	15,407	-	15,407	-	
The Company	Foreign Corporate bonds- MORGAN STANLEY	None	Same as above	-	15,398	-	15,398	-	
The Company	Foreign Corporate bonds- IBM CORP	None	Same as above	-	17,089	-	17,089	-	
The Company	Foreign Corporate bonds- ABBVIE INC	None	Same as above	-	15,620	-	15,620	-	
MTK	Foreign Corporate bonds- SOCGEN	None	Same as above	-	18,634	-	18,634	-	
MTK	Foreign Corporate bonds- UBS	None	Same as above	-	18,476	-	18,476	-	
				Subtotal	131,433		131,433	-	

Note1: Subsidiaries holding shares of the Company have treated as treasury stocks and adjusted long term equity investment and investment gains and losses in accordance with the requirements.

Note2: The inter-company transactions and balances had been eliminated in the consolidated financial statements.

Microtek International Inc. and Subsidiaries

Business relationships and significant intercompany transactions

For the year ended December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

No. (Note 1	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3,4)
0	The Company	Microtek Wu Jiang	1	Sale	12,347		2.14 %
0	The Company	Shanghai Microtek Technology	1	Software development revenue	6,314		1.10 %
0	The Company	Shanghai Microtek Technology	1	Royalty income	30,920		5.37 %
1	Shanghai Microtek Technology	Microtek Wu Jiang	3	Purchase	34,935		6.35 %

Note 1: The numbers denote the following:

1. 0 represents the Company.
2. The subsidiaries start with number 1.

Note 2: Relationship with the listed companies:

1. Transactions from parent company to subsidiary
2. Transactions from subsidiary to parent company
3. Transactions between subsidiaries

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The business relationship and significant transactions between the parent company and the subsidiary only disclose the importations of sales and account receivable, didn’t repeat about the purchase and account payable.

Note 5: Other transactions with the amount that less than 0.5% of the consolidated net revenue or total assets were not disclosed.

Microtek International Inc. and Subsidiaries
Information on investees
For the year ended December 31, 2023

Table 3 (In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value	Percentage of Ownership during the year			
The Company	MTK	Hong Kong	Invest in foreign business of Holding Company	1,127,133	1,127,133	-	100.00	1,538,117	100.00	35,000	38,547	Subsidiary Note1
The Company	GoTop	Samoa	Invest in foreign business of Holding Company	-	65,540	-	-	-	100.00	3,221	3,221	Subsidiary Note 2
The Company	ADARA	Taipei	Responsible for the marketing and after-sales service of the company's products in the domestic market	138,228	138,228	2,000	100.00	1,923	100.00	396	396	Subsidiary
								1,540,040			42,164	

Note1: Investment gains and losses recognized by the Company include adjustments in profit and loss on inter-company side-to-side transcurrent transactions.

Note2: The Board of Directors passed a resolution on November 6, 2023 to liquidate Gotop, a subsidiary of the Company. The liquidation process was completed on November 17, 2023, as a result of which the Company recovered $108,425 thousand from its investment and incurred an investment loss of $237 thousand.

Microtek International Inc. and Subsidiaries

The names of investees in Mainland China, the main businesses and products, and other information

For the year ended December 31, 2023

Table 4

(In Thousands of New Taiwan Dollars / foreign currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investor	Name of investee	Main businesses and products	Total amount of paid-in capital	Invest-ment Action taken	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses) (Note 4)	Book value	Accumulated remittance of earnings in current period	Note
						Outflow	Inflow								
MTK	Shanghai Microtek Technology	Sales of image scanners	USD 25,700	Note 1	939,748 USD27,475	-	-	939,748 USD27,475	33,290	100.00	100.00	36,837	1,492,486	989,963 USD 31,762	-
Shanghai Microtek Technology	Microtek Wu Jiang	Manufacture and sale of image scanners	USD 6,000	Note 2	Note 2	-	-	Note 2	(23,330)	100.00	100.00	(23,330)	465,782	-	-
Shanghai Microtek Technology	Shanghai Joinwit	Optoelectronic communication equipment and electronic systems services	CNY 5,850	Note 2	Note 2	-	-	Note 2	45,381	65.92	65.92	29,915	109,250	-	-
Shanghai Microtek Technology	Shanghai Microtek Digital Technology	Electronic product sales and after-sales service	CNY 10,000	Note 2	Note 2	-	-	Note 2	808	100.00	100.00	808	42,493	-	-
Shanghai Microtek Technology	Shanghai Microtek Medical	Medical instruments sales, technology research and development and consultation	CNY 1,000	Note 2	Note 2	-	-	Note 2	11	100.00	100.00	11	6,165	-	-
Shanghai Joinwit	Shanghai Fong-teng	Electronic communication technology consultation and services	CNY 500	Note 2	Note 2	-	-	Note 2	-	46.14	46.14	-	-	-	-

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment
939,748 (USD27,475)	939,748 (USD27,475)	1,304,419 (Note 4)

Investment amount and Investment Description:

Note 1: The Company's investment in Shanghai Microtek Technology was indirectly entrusted to MTK, which holds 100% of the consolidated shareholding of the Company. The content of the contract are as follows:

A. At the time of the distribution or closing of the business of the investee company, the method of remittance of funds is: When there is revenue or interest distribution of Shanghai Microtek Technology. The interest obtained first by the trustee and then all of them should be forwarded to the principal.

B. The contractual obligation of the investee company to vest: The trustee is based on this entrusted investment relationship. The rights and obligations arising from Shanghai Microtek Technology are transferred to the Principal and the Trustee does not guarantee its gain or loss.

C. The financial reports of the investee company are sent to the principal on a regular basis: The trustee shall send the financial reports of Shanghai Microtek Technology to the principal. The principal may also appoint an accountant or other auditor to audit the financial report.

Note 2: It is directly invested by the Company's Mainland regional investment business.

Note 3: Converted at historical rates.

Note 4 : Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, the Company’s accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs (“MOEA”). Net amount \$2,174,031 thousand x 60% = \$1,304,419 thousand.

6.6 Parent company only financial statements for the years ended December 31, 2023 and 2022

Independent Auditors' Report

To the Board of Directors of Microtek International Inc.:

Opinion

We have audited the financial statements of Microtek International Inc.("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent-company-only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent-company-only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the standards on Auditng of the Republic of China. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the parent-company-only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters should be reflected in our report are as follows:

1. Assessment of investment accounted for using equity method

   Please refer to Note 4(8) Investment in subsidiaries for the accounting policies of investment assessment under the equity method; please refer to Note 6(7)-Investment under the equity method of the parent-company-only financial statements for the description of investment assessment under the equity method.

Description of key audit matter:

Microtek International Inc. holds investment under the equity method – 100% shares of the subsidiary (Shanghai Microtek Technology Corporation). The subsidiary is one of the most important asset items because the amount of the subsidiary investment is significant as it accounted for 60% of the total assets of Microtek International Inc., and the investment property amount accounted for 37% of the investment under the equity method using the fair value measurement. Therefore, investment assessment under the equity method is recognized as one of the key assessment matters in our audit of Microtek International Inc. financial statements.

How the matter was addressed in our audit:

Our main audit procedures of the above-mentioned key audit matter included: checking the Company's recognition of the investment profit and loss of the investee company according to the shareholding ratio; discussing with the management to understand its assessment on relevant key matters of the subsidiary and understanding the reasonableness of fair value assessment of investment property from such subsidiary. The subsequent measurement of the investment property uses the fair value method according to the assumption reasonableness from the independent valuation reports provided by the third party and according to the qualification and independence of the appraiser; evaluating the adequacy of the management's information disclosures in the relevant notes on the financial statements.

2. Impairment of property, plant and equipment (including right-of-use assets)

Please refer to Note 4(11) Impairment of non-financial assets of the parent-company-only financial statements for details on the accounting policy related to impairment loss of assets; Note 5 Assessment of impairment of property, plant and equipment (including right-of-use assets) for uncertainty of accounting assumptions and estimations. Please refer to note 6(8) of the parent-company-only financial statements for details on assessment of impairment of property, plant and equipment. Please refer to note 6(9) of the parent-company-only financial statements for details on assessment of impairment of right-of-use assets.

Description of key audit matter:

The impairment assessment of property, plant and equipment (including right-of-use assets) is important as the business of the Image Scanner Division of the Company is in a continuous loss due to market decline and the difficulty of product transformation. The impairment assessment of assets includes the identification of cash-generating units. We list the assessment as one of our key audit matters, because the process is complicated and contains the subjective judgment of the management, such as determining the method of evaluation, selecting important assumptions and calculating recoverable amounts.

How the matter was addressed in our audit:

Our principal audit procedures in respect of the above-mentioned key audit matter include the assessment of potential impairment of cash generating units identified by the management of the Company and the assessment of the indicators of impairment identified by the management, and to further understand and test the evaluation model used by management in impairment testing and whether the key assumptions such as future cash flow projections, useful life and weighted average capital costs, including expected product income, costs and expenses, etc., are appropriate. We also assess the past projections made by management whether there is no significant difference in the results, and conduct sensitivity analysis.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers , and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent-company-only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wu, Chun-Yuan and Lu, Chien-Hui.

KPMG

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

Notes to Readers

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

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

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)

Microtek International Inc.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(1))	$ 39,393	2	43,047	2
1110	Current financial assets at fair value through profit or loss (note 6(2))	-	-	30,090	1
1136	Current financial assets at amortised cost, net (note 6(3))	469,232	19	352,238	13
1170	Accounts receivable, net (note 6(4))	4,942	-	5,380	-
1180	Accounts receivable due from related parties, net (notes 6(4) and 7)	2,773	-	17,337	1
130X	Inventories (note 6(5))	30,938	1	46,629	2
1470	Other current assets(note 6(17))	9,622	-	6,964	-
		556,900	22	501,685	19
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(6))	969	-	969	-
1535	Non-current financial assets at amortised cost, net (note 6(3) and 7)	94,323	4	95,546	4
1550	Investments accounted for using equity method, net (notes 6(7))	1,533,389	61	1,645,605	64
1600	Property, plant and equipment (notes 6(8))	79,366	3	86,802	3
1755	Right-of-use assets (notes 6(9))	205,809	8	216,641	8
1840	Deferred tax assets (note 6(14))	12,105	1	19,790	1
1990	Other non-current assets	707	-	856	-
1975	Net defined benefit asset, non-current (note 6(13))	15,492	1	14,685	1
		1,942,160	78	2,080,894	81
	Total assets	**$ 2,499,060**	**100**	**2,582,579**	**100**

Code	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(10))	$ 50,000	2	107,000	4
2130	Current contract liabilities (note 6(17))	8,742	-	4,577	-
2170	Accounts payable	2,316	-	2,525	-
2180	Accounts payable to related parties (note 7)	7,360	-	6,837	-
2280	Lease liabilities-current (notes 6(11) and 7)	9,891	1	9,758	1
2300	Other current liabilities	21,628	1	26,903	1
		99,937	4	157,600	6
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(14))	17,054	1	28,192	1
2580	Lease liabilities-non-current (notes 6(11) and 7)	202,874	8	212,764	8
2600	Other non-current liabilities	5,164	-	1,257	-
		225,092	9	242,213	9
	Total liabilities	325,029	13	399,813	15
	Equity (note 6(15)):				
3100	Ordinary share capltal	2,056,608	82	2,056,608	80
3300	Accumulated deficits	(68,523)	(3)	(75,863)	(3)
3400	Other equity interest	235,727	10	251,802	10
3500	Treasury shares	(49,781)	(2)	(49,781)	(2)
	Total equity	2,174,031	87	2,182,766	85
	Total liabilities and equity	**$ 2,499,060**	**100**	**2,582,579**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Microtek International Inc.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	**Operating revenue** (notes 6(17) and 7)	$ 91,261	100	124,860	100
5000	**Operating costs** (notes 6(5), (13) and 7)	58,676	64	73,285	59
	Gross profit	32,585	36	51,575	41
5910	Add: Unrealized profit (loss) from sales (note 6(7) and 7)	(407)	(1)	(3,537)	(3)
	Realized gross profit	32,178	35	48,038	38
	Operating expenses (notes6 (13)):				
6100	Selling expenses	24,570	27	25,562	20
6200	Administrative expenses	53,321	58	52,594	42
6300	Research and development expenses	54,210	60	55,285	44
		132,101	145	133,441	106
	Net operating loss	(99,923)	(110)	(85,403)	(68)
	Non-operating income and expenses:				
7100	Interest income (note 6(19))	18,511	20	6,358	5
7110	Rental income (note 6(12))	25,869	29	27,875	22
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method (note 6(7))	42,164	46	(1,823)	(1)
7020	Other gains and losses, net (note 6(7), 6(19) and 7)	31,608	35	72,643	58
7510	Interest expense	(4,564)	(5)	(4,488)	(4)
		113,588	125	100,565	80
7900	**Income before income tax**	13,665	15	15,162	12
7950	Less : income tax expenses (note 6(14))	6,864	8	2,743	2
	Net income for the period	6,801	7	12,419	10
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified to profit or loss** (note 6(13), (14) and (15))				
8311	Gain on remeasurements of defined benefit plans	674	1	4,753	4
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(51,623)	(42)
8349	Income tax related to items that will not be reclassified to profit or loss	135	-	950	-
	Total items that will not be reclassified to profit or loss	539	1	(47,820)	(38)
8360	**Items that may be reclassified subsequently to profit or loss** (note 6(14) and (15))				
8361	Exchange differences on translation of foreign financial statements	(20,093)	(22)	55,235	44
8399	Income tax related to items that may be reclassified to profit or loss	(4,018)	(4)	11,047	9
	Total items that may be reclassified subequently to profit or loss	(16,075)	(26)	44,188	53
8300	**Other comprehensive income, net of tax**	(15,536)	(25)	(3,632)	15
8500	**Total comprehensive income for the period**	**$ (8,735)**	**(18)**	**8,787**	**25**
	Earnings per share (NT dollars) (note 6(16))				
9750	Basic earnings per share	**$ 0.03**		**0.06**	
9850	Diluted earnings per share	**$ 0.03**		**0.06**	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Microtek International Inc.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Other equity				
	Ordinary share capital	Accumulated deficits	Exchange differences on translation of foreign financial statements	Gains on revaluation	Total	Treasury shares	Total equity
Balance as of January 1, 2022	$ 2,056,608	(92,085)	(179,558)	438,795	259,237	(49,781)	2,173,979
Net income for the period	-	12,419	-	-	-	-	12,419
Other comprehensive income for the period	-	3,803	44,188	(51,623)	(7,435)	-	(3,632)
Total comprehensive income for the period	-	16,222	44,188	(51,623)	(7,435)	-	8,787
Balance as of December 31, 2022	**$ 2,056,608**	**(75,863)**	**(135,370)**	**387,172**	**251,802**	**(49,781)**	**2,182,766**
Net income for the period	-	6,801	-	-	-	-	6,801
Other comprehensive income for the period	-	539	(16,075)	-	(16,075)	-	(15,536)
Total comprehensive income for the period	-	7,340	(16,075)	-	(16,075)	-	(8,735)
Balance as of December 31, 2023	**$ 2,056,608**	**(68,523)**	**(151,445)**	**387,172**	**235,727**	**(49,781)**	**2,174,031**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Microtek International Inc.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		2023	2022
Cash flows from operating activities:			
Income before income tax	$	13,665	15,162
Adjustments:			
Adjustments to reconcile (profit) loss			
Interest income		(18,511)	(6,358)
Interest expense		4,564	4,488
Depreciation expense		19,153	21,797
Provisions for inventory obsolescence and devaluation loss		7,984	8,846
Net gain on financial assets or libilities at fair value through profit of loss		(8,930)	(87)
Share of profit of subsidiaries accounted for using equity method		(42,164)	1,823
Net changes in profit from sales to associates		407	3,537
Dividend income		(226)	(226)
Loss on disposal of investments		237	-
Adjustment for other non-cash-related loss (profit), net		16,477	(13,090)
Total adjustments to reconcile (profit) loss		(21,009)	20,730
Changes in operating assets and liabilities:			
Decrease (increase) in notes receivable		15,002	(181)
Decrease (increase) in Inventories		7,707	(15,379)
Decrease in other operating assets		424	1,403
Increase (decrease) in accounts payable		314	(6,364)
Increase (decrease) in other operating liabilities		3,161	(1,874)
Total adjustments		5,599	(1,665)
Cash flows used in operations		19,264	13,497
Interest received		18,352	4,482
Interest paid		(4,581)	(4,444)
Income taxes paid		(7,651)	(8,555)
Net cash flows from (used in) operating activities		25,384	4,980
Cash flows from investing activities:			
Acquisition of financial assets at amortized cost		(658,255)	(549,181)
Disposal of financial assets at amortized cost		524,532	435,563
Acquisition of financial assets at fair value through profit or loss		-	(30,000)
Proceeds from disposal of financial assets at fair value through profit or loss		39,020	-
Proceeds from disposal of subsidiaries		108,425	-
Acquisition of property, plant and equipment		(885)	(2,204)
(Increase) decrease in other non-current assets		149	(55)
Dividends received		25,444	55,588
Net cash flows from (used in) investing activities		38,430	(90,289)
Cash flows from financing activities:			
(Decrease) increase in short term borrowings		(57,000)	27,000
(Decrease) increase in guarantee deposits received		(711)	364
Payment of lease liabilities		(9,757)	(11,421)
Net cash flows from (used in) financing activities		(67,468)	15,943
Net decrease in cash and cash equivalents		(3,654)	(69,366)
Cash and cash equivalents at beginning of period		43,047	112,413
Cash and cash equivalents at end of period	$	**39,393**	**43,047**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

Microtek International Inc.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

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

1. Company history

Microtek International Inc. (the "Company") was incorporated on October 23, 1980, as a company limited by shares in Hsinchu Science Park. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on October 21, 1988. The registered address is No. 6, Gongye E. 3rd Rd., East Dist., Hsinchu City 300091, Taiwan. The Company is engaged mainly in the design, manufacture and sale of smart scanners and computer information peripherals.

2. Approval date and procedures of the financial statements:

The parent-company-only financial statements were authorized for issue by the Board of Directors on March 11, 2024.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

(2) The impact of IFRS issued by the FSC but not yet effective

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IAS21 "Lack of Exchangeability"

4. Summary of material accounting policies:

The significant accounting policies applied in the preparation of these parent-company-only financial statements are summarized as follows. Except for those described individually, the significant accounting policies have been applied consistently to all periods presented in these parent-company-only financial statements.

(1) Statement of compliance

The parent-company-only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Basis of measurement

The parent-company-only financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

(a) Financial assets at fair value through profit or loss (FVTPL) are measured at fair value;

(b) The net defined benefit assets are measured as the fair value of the plan assets, less, the present value of the defined benefit obligation.

B. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan Dollars (NTD), which is the Company's functional currency. Unless otherwise noted, all financial information presented in NTD has been rounded to the nearest thousand.

(3) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of transaction.

Foreign currency differences arising from retranslation are recognized in profit or loss.

B. Foreign operations

The assets and liabilities of foreign operations are translated to NTD using the exchange rates at the reporting date with the exception of income and expenses, which are translated to NTD at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

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

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

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

The Company classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

B. It holds the asset primarily for the purpose of trading;

C. It expects to realize the asset within twelve months after the reporting period; or

D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

A. It expects to settle the liability in its normal operating cycle;

B. It holds the liability primarily for the purpose of trading;

C. The liability is due to be settled within twelve months after the reporting period; or

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

(5) Cash and cash equivalents

Cash comprise cash and cash in bank. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(6) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. Accounts receivable without a significant financing component are initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets at amortized cost

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

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

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

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

(b) Financial assets at FVTPL

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

(c) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate feature;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

(d) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivables, refundable deposits paid and other financial assets), and the ECL of contract assets.

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

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

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

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 150 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade which is considered to be BBB-or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings.

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

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

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

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

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery.The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(e) Derecognition of financial assets

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

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

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

(c) Treasury shares

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

(d) Financial liabilities

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

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

(e) Derecognition of financial liabilities

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

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

(f) Offsetting of financial assets and liabilities

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

(7) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(8) Investment in subsidiaries

The Company's subsidiaries are accounted for using the equity method when preparing their parent-company-only financial statements. Under the equity method, profit, other comprehensive income and equity in the parent-company-only financial statements are equivalent to those of the profit, other comprehensive income and equity which are contributed to the owners of the parent in the consolidated financial statements.

The changes in the parent's interest in its subsidiaries that do not result in a loss of control are accounted as equity transactions.

(9) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent expenditure

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

C. Depreciation

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

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(a) Buildings: 5 to 50 years

(b) Machinery and equipment: 3 to 5 years

(c) Other equipment: 2 to 5 years

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

(10) Leases

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

A. As a lessee

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

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

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

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

(a) fixed payments including in-substance fixed payments;

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

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

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

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

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

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

(c) there is a change in the assessment regarding the purchase option; or

(d) there is a change in the assessment on whether the Company will exercise an extension or a termination option; or

(e) there is any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet. If an arrangement contains lease and non-lease componenets, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a leases, the Company has elected not to separate non-lease componenets and account for the lease and non-lease components as a single lease component.

The Company have elected not to recognize the right-of-use assets and lease liabilities for short-term leases of office spaces and employee dormitories which qualify as low-value asset leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

B. As a lessor

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

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

(11) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

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

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(12) Revenue from contract with customers

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

A. Sale of goods

The Company involves in research, develop, design, manufacture and sale of various image scanners and optoelectronic equipment.The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. Rendering of services

The Company provides scanning services to enterprises. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the reporting date as a proportion of the total services to be provided. The proportion of services provided is determined based on the rendered services to date as a proportion of the total estimated rendered services of the transaction.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and a consideration is payable when invoiced.

C. Financing components

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

(13) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contribution are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

B. Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

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

(14) Income tax

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

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

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

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

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

C. taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

A. the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

B. the taxing of deferred tax assets and liabilities fulfills one of the scenarios below:

  (a) the same taxable entity; or

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

(15) Earnings per share

The Company discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(16) Operating segment information

The Company has disclosed operating segment information in consolidated financial statements. Hence, this information is not required to be disclosed in these parent-company-only financial statements.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent-company-only financial statements in conformity with the Regulations requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimations and assumptions. Management recognizes any changes in the accounting estimations during the period in which the estimates are revised and in any future periods affected.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

- Lease term

The Company determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise that option. In assessing whether a lessee is reasonably to exercise the options, the Company considers all relevant facts and circumstances that create an economic incentive for the lessee. The Company reassesses whether it is reasonably certain to exercise an extension option or not to exercise the option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. If there is a change in the lease term, the Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

- Impairment of property, plant and equipment (including right-of-use assets)

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to note 6(8) for further description of the key assumptions used to determine the recoverable amount.

The Company evaluates the assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used and is categorized as follows:

Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

For the assumption used in fair value measurement, please refer to note 6(20) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, demand deposits and checking accounts	$ 2,818	5,276
Time deposits	36,575	37,771
Cash and cash equivalents in the consolidated statement of cash flows	**$ 39,393**	**43,047**

Please refer to note 6(20) for the credit risk, interest rate risk, currency risk and sensitivity analysis of the financial assets of the Company.

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

	December 31, 2023	December 31, 2022
Mandatorily Measured at FVTPL:		
Beneficiary certificates	**$ -**	**30,090**

Please refer to note 6(20) for the credit risk, fair value, price risk and sensitivity analysis of the financial assets of the Company.

(3) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Current assets		
Time deposits with maturities of more than three months	$ 346,371	339,248
Restricted bank deposits	109,871	12,990
	$ **469,232**	**352,238**
Non-current assets		
Foreign listed corporate bonds	$ **94,323**	**95,546**

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost. These financial assets were not at risk of expiry or impairment as of the reporting date.

For the years ended December 31, 2023 and 2022, the Company held domestic and foreign time deposits, with the weighted average interest rates of 4.52% and 3.61%, respectively.

For the years ended December 31, 2023 and 2022, the Company held foreign corporate bonds, with the effective interest rates of 0.65%~1.61%.

The above-mentioned financial assets were pledged as collateral, please refer to note 8.

Please refer to note 6(20) for the credit risk, fair value, interest rate risk, currency risk and sensitivity analysis of the financial assets of the Company.

(4) Notes and accounts receivable (include related party)

	December 31, 2023	December 31, 2022
Notes receivable from operating activites	$ 427	83
Accounts receivable from operating activites	4,515	5,297
	4,942	5,380
Less: loss allowance	-	-
	$ **4,942**	**5,380**
Accounts receivable from related parties－operating activites	$ **2,773**	**17,337**

The Company applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for its receivables. To measure the ECL, receivables have been grouped based on the shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The expected loss allowance was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted average loss rate	Expected loss allowance
Not past due	$ 6,321	0%	-
Past due 1~60 days	1,308	0%	-
Past due121~150days	86	0%	-
	$ 7,715		**-**

	December 31, 2022		
	Gross carrying amount	Weighted average loss rate	Expected loss allowance
Not past due	$ 22,102	0%	-
Past due 1~60 days	615	0%	-
	$ 22,717		**-**

The movement in the allowance for notes and account receivables were as follows:

	2023	2022
Balance at December 31	**$ -**	**-**

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$ 10,061	22,375
Work in process and semi finished products	8,902	13,387
Finished goods	11,975	10,867
	$ 30,938	**46,629**

The details of operating costs were as follows:

	2023	2022
Cost of goods sold	$ 41,700	52,403
Cost of services	593	8,127
Unallocated production overheads	8,399	3,909
Inventory evaluation, stranded and scrap loss	7,984	8,846
	$ 58,676	**73,285**

As of December 31, 2023 and 2022, the Company's inventories were not pledged.

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

		December 31, 2023	December 31, 2022
Mandatorily Meqsured at Fair Value through Profit or Loss:			
Unlisted common shares－Domex Technology Corporation	$	**969**	**969**

The dividend of $226 thousand related to the investments in both 2023 and 2022 were recognized.

Please refer to note 6(20) for the credit risk and fair value of the financial assets of the Company.

The Company's financial assets above were not pledged.

(7) Investments accounted for using equity method

A. A summary of the Company' s financial information for investments accounted for using the equity method at the reporting date is as follows:

		December 31, 2023	December 31, 2022
Subsidiaries	$	1,540,039	1,651,849
Less: associated company unrealized gains		(6,650)	(6,244)
	$	**1,533,389**	**1,645,605**

B. For the years ended December 31, 2023 and 2022, recognized share of the profit (loss) of subsidiaries accounted to $42,164 thousand and $(1,823) thousand, respectively.

C. For the years ended December 31, 2023 and 2022, recognized share of the dividend income of subsidiaries acconted to $25,218 thousand and $55,362 thousand, respectively.

D. Please refer to note 13 and consolidated financial statements for the year ended December 31, 2023, for the subsidiaries information.

E. On December 6, 2023, the Company's Board of Directors resolved to liquidate its subsidiary, Gotop, and the industry completed the liquidation process on November 17, 2023, as a result of which the Company recovered $108,425 thousand from its investment and incurred an investment loss of $237 thousand.

(8) Property, plant and equipment

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

	Buildings	Machinery and equipment	Other equipment	Total
Cost:				
Balance as of January 1, 2023	$ 320,345	121,654	4,810	446,809
Additions	82	803	-	885
Disposals	-	(10,746)	-	(10,746)
Balance as of December 31, 2023	**$ 320,427**	**111,711**	**4,810**	**436,948**
Balance as of January 1, 2022	$ 320,979	122,169	4,723	447,871
Additions	218	1,273	713	2,204
Disposals	(852)	(1,788)	(626)	(3,266)
Balance as of December 31, 2022	**$ 320,345**	**121,654**	**4,810**	**446,809**
Accumulated depreciation:				
Balance as of January 1, 2023	$ 239,692	116,223	4,092	360,007
Depreciation for the period	6,372	1,746	203	8,321
Disposals	-	(10,746)	-	(10,746)
Balance as of December 31, 2023	**$ 246,064**	**107,223**	**4,295**	**357,582**
Balance as of January 1, 2022	$ 234,052	115,777	4,460	354,289
Depreciation for the period	6,492	2,234	258	8,984
Disposals	(852)	(1,788)	(626)	(3,266)
Balance as of December 31, 2022	**$ 239,692**	**116,223**	**4,092**	**360,007**
Book value:				
Balance as of December 31, 2023	**$ 74,363**	**4,488**	**515**	**79,366**
Balance as of January 1, 2022	**$ 86,927**	**6,392**	**263**	**93,582**
Balance as of December 31, 2022	**$ 80,653**	**5,431**	**718**	**86,802**

As of December 31, 2023 and 2022, part of the property, plant and equipment of the Company had been pledged as collateral for short-term borrowings; please refer to note 8.

B. Impairment of property, plant and equipment

The Company assessed that the image scanner industry was affected by the global economy in 2023 and 2022. The volume of shipments continued to decline, resulting in continuous losses. An asset impairment test is therefore required for the Image Scanner Division's assets.

The Company's Image Scanner Division is a cash generating unit (CGU), its recoverable amount is estimated on the basis of its value in use. The recoverable amount is higher than the carrying amount of this CGU as assessed on December 31, 2023 and 2022, therefore, no impairment loss was recognized.

The estimated value in use of 2023 and 2022, was calculated by post tax discount rate of 7.99% and 9.45%, respectively.

(9) Right-of-use assets

A. The Company leases land and buildings. Information about leases for which the Company as a lessee was presented as below:

	Land	Buildings	Total
Cost:			
Balance as of January 1, 2023 (Ending blance)	**$ 259,519**	**-**	**259,519**
Balance as of January 1, 2022	$ 256,359	7,466	263,825
Additions	3,160	-	3,160
Disposals	-	(7,466)	(7,466)
Balance as of December 31, 2022	**$ 259,519**	**-**	**259,519**
Accumulated depreciation:			
Balance as of January 1, 2023	$ 42,878	-	42,878
Depreciation for the period	10,832	-	10,832
Balance as of December 31, 2023	**$ 53,710**	**-**	**53,710**
Balance as of January 1, 2022	$ 32,046	5,485	37,531
Depreciation for the period	10,832	1,981	12,813
Disposals	-	(7,466)	(7,466)
Balance as of December 31, 2022	**$ 42,878**	**-**	**42,878**
Book value:			
Balance as of December 31, 2023	**$ 205,809**	**-**	**205,809**
Balance as of January 1, 2022	**$ 224,313**	**1,981**	**226,294**
Balance as of December 31, 2022	**$ 216,641**	**-**	**216,641**

B. Impairment of Right-of-use assets

The Company assessed that the image scanner industry was affected by the global economy in 2023 and 2022. The volume of shipments continued to decline, resulting in continuous losses. An asset impairment test is therefore required for the Image Scanner Division's assets.

The Company's Image Scanner Division is a cash generating unit (CGU), its recoverable amount is estimated on the basis of its value in use. The recoverable amount is higher than the carrying amount of this CGU as assessed on December 31, 2023 and 2022, therefore, no impairment loss was recognized.

The estimated value in use of 2023 and 2022, was calculated by post tax discount rate of 7.99% and 9.45%, respectively.

(10) Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans	$ 50,000	107,000
Unused short-term credit lines	$ 210,000	53,000
Range of interest rates	1.74%~2.025%	2.25%

For the collateral for short-term note borrowings, please refer to note 8.

(11) Lease liabilities

The carrying amounts of lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	$ 9,891	9,758
Non-current	$ 202,874	212,764

For the maturity analysis, please refer to note 6(20) of the financial instruments.

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	$ 2,930	3,073
Expenses relating to short-term leases	$ 2,112	192

The amounts recognized in the statement of cash flows was as follows:

	2023	2022
Total cash outflow for leases	$ 14,799	14,686

A. Leases of land and buildings

The Company leases land and buildings for its factories and office spaces use. The leases of land typically run for a period of 20 years, and the office spaces for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of land and office spaces contain extension options exercisable. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

In addition, the lease payment of the land of Science Park contract depends on the current land price set by the local district, and the additional construction cost of the public facilities is adjusted after the calculation.

B. Other leases

In addition, The Company lease office spaces and employee dormitories for one year. It have elected not to recognize the right-of-use assets and lease liabilities for short-term leases.

(12) Operating lease

The Company leased out its investment properties and part of its factories, and did not transfer substantially all the risks and rewards incidental to their ownership to the lessees, therefore, those leases were recognized as operating leases.

As of December 31, 2023 and 2022, a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date, was as follows:

	December 31, 2023	December 31, 2022
Less than one year	$ 23,942	20,461
Between one and two years	20,934	7,701
Between two and three years	14,371	7,646
Total undiscounted lease payments	**$ 59,247**	**35,808**

For the years ended December 31, 2023 and 2022, the operating leases of $25,869 thousand and $27,875 thousand, respectively, were recognized as rental income.

(13) Employee benefits

A. Defined benefit plans

The present value of the defined benefit obligation and the fair value adjustments of the plan assets for the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligation	$ (77,360)	(77,854)
Fair value of plan assets	92,852	92,539
Net defined benefit assets	**$ 15,492**	**14,685**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the Bureau of Labor Funds). Minimum earnings shall be no less than the earnings attainable from two year time deposits with interest rates offered by local banks.

The Company' s Bank of Taiwan labor pension reserve account balance amounted to $92,852 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets including the asset allocation and yield rate of the fund, please refer to the website of the Bureau of Labor Funds.

(b) Movements in the present value of the defined benefit obligation

The movements in the present value of the defined benefit obligation of the Company for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Defined benefit obligation as of January 1	$ 77,854	82,711
Current service costs and interest	977	498
Remeasurements of the net defined benefit asset		
－Actuarial gain arising from experience adjustments	239	3,914
－Actuarial loss arising from changes in financial assumptions	-	(1,100)
Benefits paid from plan assets	(1,710)	(8,169)
Defined benefit obligation as of December 31	**$ 77,360**	**77,854**

(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Company for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Fair value of plan assets as of January 1	$ 92,539	92,631
Expected return on plan assets	1,110	510
Remeasurements of the net defined benefit assets		
－Return on plan assets (excluding current interest)	913	7,567
Contribution made to plan assets	(1,710)	(8,169)
Fair value of plan assets as of December 31	**$ 92,852**	**92,539**

(d) Expenses recognized in profit or loss

The Company’s expenses recognized in profit or losses for the years ended December 31, 2023 and 2022, were as follows:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Current service costs	$ 42	42
Net interest on the net defined benefit asset	(175)	(54)
	$ (133)	**(12)**

(e) Actuarial assumptions

The following are the Company’s significant actuarial assumptions of the present value of the defined benefit obligation at the reporting date:

	December 31, 2023	December 31, 2022
Discount rate	1.20 %	1.20 %
Future salary increase rate	3.00 %	3.00 %

The Company has applied for approval from the Hsinchu Science Park Bureau to suspend the allocation of labor retirement reserves for the years ended December 31, 2023 and 2022.

The weighted average duration of the defined benefit obligation is 5.6 years.

(f) Sensitivity analysis

If there is a change in the actuarial assumptions as of the December 31, 2023 and 2022, the impact on the defined benefit obligation would be as follows:

	Impact on the defined benefit obligation			
	December 31, 2023		December 31, 2022	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	$ (743)	762	(877)	899
	Increase 1.00%	Decrease 1.00%	Increase 1.00%	Decrease 1.00%
Future salary increase rate	3,177	(2,940)	3,730	(3,437)

Reasonably possible changes to one of the relevant actuarial assumptions on the reporting date, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. In practical, the relevant actuarial assumptions are correlated to each other.
The approach used in recognizing the net defined asset in the balance sheets is the same as the one used in developing the sensitivity analysis and the relevant actuarial assumptions in the current and previous years.

B. Defined contribution plans

In accordance with the provisions of the Labor Pension Act, the Company should contribute 6% of its employees’ monthly wages to their labor pension personal accounts of the Bureau of Labor Insurance. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Company’s pension costs under the defined contribution plan were $3,785 thousand and $4,158 thousand for the years ended December 31, 2023 and 2022, respectively.

(14) Income tax

A. Income tax expenses:

The amounts of income tax expenses for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Current income tax expense		
Current period	$ 6,434	10,924
Deferred tax expense (income)		
Origination and reversal of temporary differences	430	(8,181)
Income tax expenses	**$ 6,864**	**2,743**

The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022, were as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the defined benefitplans	$ 135	950
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	$ (4,018)	11,047

The reconciliation of income tax expenses and income before income tax:

	2023	2022
Income before income tax	$ 13,665	15,162
Income tax at the Company's domestic tax rate	$ 2,733	3,032
Adjustments of permanent difference	312	419
Tax withheld on remittance of overseas income	6,434	10,924
Change in unrecognized temporary differences and others	(2,615)	(11,632)
Income tax expense	$ 6,864	2,743

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax liabilities

As of December 31, 2023 and 2022, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	December 31, 2023	December 31, 2022
The temporary differences associated with investments in subsidiaries	$ 2,563	2,467

(b) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Carry forwards of unused tax losses	$ 47,805	44,570
Deductible temporary differences	8,692	21,851
	$ 56,497	66,421

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of 31 December 2023, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year loss occurred	Unused operating loss Carry forwards	Expiration year
2019 (assessed)	$ 43,458	2029

(c) Recognized deferred tax assets and liabilities:

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2023
Deferred tax assets:							
Loss carryforward	$ 27,745	(8,664)	-	19,081	(7,550)	-	11,531
Other	1,659	-	(950)	709	-	(135)	574
	$ 29,404	**(8,664)**	**(950)**	**19,790**	**(7,550)**	**(135)**	**12,105**

	January 1, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2022	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2023
Deferred tax liabilities:							
Investment in equity accounted subsidiaries	$ (47,028)	16,845	-	(30,183)	7,120	-	(23,063)
Exchange difference on translation of foreign financial statements and others	13,038	-	(11,047)	1,991	-	4,018	6,009
	$ (33,990)	**16,845**	**(11,047)**	**(28,192)**	**7,120**	**4,018**	**(17,054)**

The Company's income tax returns had been assessed by the tax authorities through 2021.

(15) Capital and other equity

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	Ordinary share	
(in thousands of shares)	**2023**	**2022**
Balance on January 1 (Balance on December 31)	**202,726**	**202,726**

A. Common stock

In December 1999, the Company made a capital increase of 80,000 thousand new shares, subject to the restrictions imposed by the securities regulatory authorities on listing and permission to trade in such shares pursuant to Article 139 Paragraph 2 of the Securities and Exchange Act. An application for the lifting of the listing restriction on trading in the cash capital increase shares is made only after the Company has complied with the listing profitability criteria set by the Taiwan Stock Exchange. As of December 31, 2023, the trading restrictions on the shares had not been lifted, and the remaining rights and obligations were the same as those in issue.

As of December 31, 2023 and 2022, the authorized capital of the Company amounted to $4,000,000 thousand with issued common shares amounting to $2,056,608 thousand at a par value of $10 New Taiwan dollars.

B. Retained earnings

The Company's articles of incorporation stipulated that Company's earnings before tax, if any, shall be distributed in the following order:

(a) payment of all taxes;

(b) offset operating losses;

(c) A 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital.

(d) An amount shall be set aside or reversed as a special reserve in accordance with related laws.

(e) subject to subsections (1) to (4), the balance and the unallocated reserve at the beginning of the same period were the accumulated distributable reserves.

The deficit compensation for 2022 and 2021 which was approved during the stockholders' meeting held on May 30, 2023 and May 26, 2022, respectively, was consistent with the resolution approved by the Board of Directors. There is no difference between the allocation of its losses and the proposed content of the Board of Directors of the Company. The information is available at the Market Observation Post System website.

The deficit compensation for 2023 was presented for a resolution in the Board of Directors' meeting on March 11, 2024, which are then to be approved in annual stockholders' meeting. The information will be available on the Market Observation Post System website.

C. Other equity

		Exchange differences on translation of foreign operation financial statements	Gains on Revaluation	Total
Balance at January 1, 2023	$	(135,370)	387,172	251,802
Exchange differences on foreign operations (net of tax)		(16,075)	-	(16,075)
Balance at December 31, 2023	$	**(151,445)**	**387,172**	**235,727**
Balance at January 1, 2022	$	(179,558)	438,795	259,237
Exchange differences on foreign operations (net of tax)		44,188	-	44,188
Amount affected by property increments accounted using equity method tax rate change		-	(51,623)	(51,623)
Balance at December 31, 2022	$	**(135,370)**	**387,172**	**251,802**

D. Treasury shares

Adara International Inc. (covered by Adara) converted the convertible bonds of the Company into 2,935 thousand shares of the Company in January 1998. As of December 31, 2023 and 2022, The Company’ s shares held by Adara both amounted to 2,935 thousand shares, and original costs were both $49,781 thousand ; the market values were $66,610 thousand and $74,973 thousand, respectively.

According to regulations of the competent securities authority, since January 1, 2002, the Company’ s shares held by subsidiaries were deemed to be treasury shares. However, the difference between the market price of the shares held by subsidiaries at the end of the period below the book value, shall be calculated by the Company on a pro rata basis. No special reserve may be allocated for the same amount. The special reserve may be reversed when the market value recovers in subsequent periods. The above-mentioned recognition or reversal of a special reserve shall be dealt with other non-treasury shares, as a deduction to shareholders’ equity. As of December 2023 and 2022, the market price of shares higher than book value which held by Adara International Inc. (covered by Adara). Therefore no abovementioned special reserve is set out above.

(16) Earnings per share

The calculation of basic earnings per share of the Company was as follows:

		2023	2022
Basic earnings per share:			
Net income attributable to ordinary shareholders of the Company	$	**6,801**	**12,419**
Weighted-average number of ordinary shares (in thousands)		**202,726**	**202,726**
Basic earnings per share (NTD)	$	**0.03**	**0.06**

The company has no potentially dilutive ordinary shares.

(17) Revenue from contracts with customers

A. Primary geographical markets

		2023	2022
Primary geographical markets:			
China	$	15,398	26,548
Taiwan		22,317	24,313
United States		14,169	17,244
Others		39,377	56,755
	$	**91,261**	**124,860**
Major products:			
Scanners	$	82,130	115,403
Service income		8,997	9,342
Others		134	115
	$	**91,261**	**124,860**

B. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets－service income (recorded in other current assets)	$ -	199	755
Contract liabilities－products	$ 8,742	4,577	3,958

The amount of revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the period were $3,167 thousand and $2,672 thousand, respectively.

(18) Remuneration to employees and directors

In accordance with the articles of incorporation, the Company should contribute 2% to 10% of the profit as employee compensation and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

The Company has incurred accumulated deficits for the years ended December 31, 2023 and 2022, therefore, no remuneration to employees and directors was estimated for the year then ended. The amounts of employees' and directors' remuneration allocated by the aforesaid Board resolutions on March 11, 2024, and March 14, 2023, and the estimated amounts in the financial statements of 2023 and 2022 was no difference between the actual amounts and the amounts accrued. The information is available on the Market Observation Post System website.

(19) Non-operating income and expenses

A. Interest income

		2023	2022
Interest income from bank deposits	$	3,417	2,122
Interest income from financial assets measured at amortized cost		15,094	4,236
	$	**18,511**	**6,358**

B. Other gains and losses

		2023	2022
Foreign exchange gains (losses), net	$	(3,949)	44,412
Gains on financial assets at FVTPL		8,930	87
Royalty income		30,920	29,860
Others		(4,293)	(1,716)
	$	**31,608**	**72,643**

(20) Financial instruments

A. Credit risk

(a) The maximum exposure to credit risk

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The principal non-cash sales targets of the Compay are reputable domestic and foreign companies. In addition to giving credit lines to customers under the credit processing procedures, the Company continues to understand the credit status of customers. As of December 31,2023 and 2022, the Compay' s major customers consisted of 8 and 6 customers which accounted for 97% and 70%, respectively, of accounts receivable, thus, the credit risk is significantly centralized. However, the Company still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, the management expects that there will be no significant loss in the future.

(c) Receivables and debt securities

For credit risk exposure of notes and accounts receivables, please refer to note note 6(4).

Other financial assets measured at amortized cost includes time deposits, restricted bank deposits and Foreign listed corporate bonds.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(6).)

B. Liquidity risk

The following table shows the contractual maturities of financial liabilities (including estimated interest payments):

	Carrying amount	Contractual cash flows	Within 1 year	2~5 years	More than 5 years
December 31, 2023					
Non derivative financial liabilities					
Short-term borrowings	$ 50,000	(50,129)	(50,129)	-	-
Accounts payable (including related parties)	9,676	(9,676)	(9,676)	-	-
Accrued expenses (recorded in other current liabilities)	17,120	(17,120)	(17,120)	-	-
Lease liabilities	212,765	(241,064)	(12,687)	(50,751)	(177,626)
Refundable deposits (recorded in other current and non-current liabilities)	5,164	(5,164)	-	(5,164)	-
	$ 294,725	**(323,153)**	**(89,612)**	**(55,915)**	**(177,626)**
December 31, 2022					
Non derivative financial liabilities					
Short-term borrowings	$ 107,000	(107,906)	(107,906)	-	-
Accounts payable (including related parties)	9,362	(9,362)	(9,362)	-	-
Accrued expenses (recorded in other current liabilities)	(17,277)	(17,277)	(17,277)	-	-
Lease liabilities	222,522	(253,752)	(12,687)	(50,751)	(190,314)
Refundable deposits (recorded in other non-current liabilities)	5,876	(5,876)	(4,619)	(1,257)	-
	$ 327,483	**(394,173)**	**(151,851)**	**(52,008)**	**(190,314)**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to currency risk

The Company's financial assets and liabilities exposed to exchange rate risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	19,372	30.735	595,398	16,332	30.708	501,523
Investments accounted for using equity method						
USD	50,045	30.735	1,538,117	53,742	30.708	1,650,322
Financial liabilitie						
Monetary items						
USD	278	30.735	8,546	342	30.708	10,509

(b) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, receivables, other receivables, and accounts payable, that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD at December 31, 2023 and 2022, would have increased or decreased the profit before income tax by $5,869 thousand and $4,624 thousand, respectively.

(c) Foreign exchange gains or losses on monetary items

Since the Company's trading currency is mainly U.S. dollars, the net foreign currency exchange (losses) profit (including realized and unrealized) including U.S. dollars and other currencies was $(3,949) thousand and $44,412 thousand for the years ended December 31, 2023 and 2022, respectively.

D. Interest rate risk

The following sensitivity analysis is based on non-derivative instruments the exposure to the interest rate risk. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased or decreased by 1%, the Company's net income before income tax would have increased or decreased by $24 thousand and $49 thousand respectively for the years ended December 31, 2023 and 2022 with all other variable factors remaining constant. The change is mainly due to the Company's savings accounts. The bank deposits with floating rate was $2,439 thousand and $4,945 thousand for the years ended December 31, 2023 and 2022, respectively.

E. Other market price risk

If the price of equity securities in the reporting date rises or falls by 1%, and the other variables remain constant, the income before income tax would have increase or decrease by $10 thousand and $311 thousand for the years ended December 31, 2023 and 2022, respectively.

F. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The fair value of financial assets and liabilities at FVTPL is measured on a recurring basis. The Company's carrying amount and the fair value of financial assets and liabilities (including information for fair value hierarchy, but excluding financial instruments whose fair values approximate the carrying amounts, and lease liabilities), were as follows:

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Unlisted common shares	$ 969	-	-	969	969
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 39,393	-	-	-	-
Time deposits with maturities of more than three months	346,371	-	-	-	-
Foreign listed corporate bonds	94,323	-	-	-	-
Restricted bank deposits	109,871	-	-	-	-
Notes and accounts receivable (including related parties)	7,715	-	-	-	-
Other financial assets (recorded in other current assets)	5,612	-	-	-	-
Refundable deposits (recorded in other non-current assets)	483	-	-	-	-
	$ 603,768	-	-	-	-

	December 31, 2023				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 50,000	-	-	-	-
Accounts payable (including related parties)	9,676	-	-	-	-
Accrued expenses (recorded in other current liabilities)	17,120	-	-	-	-
Lease liabilities	212,765	-	-	-	-
Deposits received (recorded in other current and non-current liabilities)	5,164	-	-	-	-
	$ 294,725	-	-	-	-

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Unlisted common shares	$ 969	-	-	969	969
Beneficiary certificates	30,090	30,090	-	-	30,090
	$ 31,059	**30,090**	**-**	**969**	**31,059**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 43,047	-	-	-	-
Time deposits with maturities of more than three months	339,248	-	-	-	-
Foreign listed corporate bonds	95,546	-	-	-	-
Restricted bank deposits	12,990	-	-	-	-
Notes and accounts receivable (including related parties)	22,717	-	-	-	-
Other financial assets (recorded in other current assets)	4,056	-	-	-	-
Refundable deposits (recorded in other non-current assets)	856	-	-	-	-
	$ 518,460	**-**	**-**	**969**	**969**

	December 31, 2022				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 107,000	-	-	-	-
Accounts payable (including related parties)	9,362	-	-	-	-
Accrued expenses (recorded in other current liabilities)	17,277	-	-	-	-
Lease liabilities	222,522	-	-	-	-
Deposits received (recorded in other current and non-current liabilities)	5,875	-	-	-	-
	$ **362,036**	**-**	**-**	**-**	**-**

(b) Valuation techniques for financial instruments not measured at fair value

The Company estimates its financial instruments (financial assets and financial liabilities) measured at amortized cost not measured at fair value using the following methods and assumptions:

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

(c) Valuation techniques for financial instruments that are measured at fair value

i. The beneficiary certificates held by the company are mearsured at fair value according to standard provision and conditions; the fair value is measured using the quoted price in an active market.

ii. If the financial instruments held by the Company have no active market, the measurements of fair value are categorized as follows:

Equity instruments without public quotes: The revenue method is used to estimate fair value. The principal assumption is that, through the discount process, the future interest flows generated by the investment target are converted to the value of target on the basis of the future interest flows generated by the investment target.

(d) There were no transfers from one level to another in 2023 and 2022.

(e) The reconciliation of level 3 fair values:

	Financial assets at FVTPL	
	2023	**2022**
January 1, 2023	$ 969	972
Recognized in profit or loss	-	(3)
December 31, 2023	**$ 969**	**969**

(f) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company' s financial instruments that use Level 3 inputs to measure fair value include financial assets at FVTPL – equity investments.

The Company classified the equity investments without an active market as recurring level 3 fair values in the fair value hierarchy due to the use of significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTPL－equity investments without an active marke	Income Approach	·Long-term revenue growth rate as of December 31, 2023 and December 31, 2022 were both 0%.	·The higher the long-term income growth rate, the higher the fair value.
		·Weighted average cost of capital as of December 31, 2023 and December 31, 2022 were 8.13% and 6.36% respectively.	·The higher the weighted average cost of capital, the lower the fair value.

(21) Financial risk management

A. Overview

The Company is exposed to the following risks due to usage of financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

This note presents information about the Company's exposure to each of the above risks, the Company' s objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these parent-company-only financial statements.

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

(a) Accounts and other receivables

The Company established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered.

The Company does not require any collateral for accounts receivables and other receivables.

(b) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

(c) Guarantees

As of December 31, 2023 and 2022, there is no guarantee outstanding.

D. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk of the Company is monitored through its financial department which tracks the development of the actual cash flow position for the Company and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Financial department invests surplus cash in money market deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. As of December 31, 2023 and 2022, the working capital of the Company and the amount of outstanding borrowings currently held by banks are $210,000 thousand and $53,000 thousand, respectively, which should be sufficient to meet all contractual obligations. There is therefore no liquidity risk that cannot be raised to meet contractual obligations.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

To manage the risk of changes in market exchange rates, interest rates and equity securities prices, the Company is subject to review and approval by the Board of Directors and the relevant financial operations are subject to internal audit. The related administrative instructions are as follows:

(a) The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currencies of the Company. These transactions are denominated in New Taiwan dollar (NTD), US dollar (USD), and Chinese Yuan (CNY).

The Company transfers US dollar time deposits to earn higher interest income after receiving and considering the current state of funds. The Company continuously assesses the exchange rate and interest rate movements and adjusts the monetary assets portion of the foreign currency denominated assets to ensure that the net exposure is at an acceptable level.

(b) The interest rate on borrowings is agreed upon in accordance with the contract and the decision on financing is determined by the Board of Directors' authority to the Chairman.

(c) Significant investments in the portfolio are managed individually and all trading decisions are approved by the Board of Directors.

(22) Capital management

The objective of managing capital of the Board of Directors is to ensure that the Company will provide sufficient remuneration to its shareholders by optimizing its debt and equity balance in the context of continuing operations and growth.

The capital structure management strategy of the Board of Directors is based on the size of the industry, future costs of the industry and product roadmap of the Company to set the appropriate market share of the Company and to plan the working capital and cash required. To make a comprehensive plan for the size of the assets required for the long-term development of the Company, and finally to evaluate potential product marginal contribution, operating interest rate and cash flow based on the competitiveness of the Company's products, taking into account risk factors such as fluctuations in the industry cycle and product life cycle. To determine the appropriate capital structure of the Company.

The Company's debt to adjusted capital ratio at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 325,029	399,813
Less: cash and cash equivalents	(39,393)	(43,047)
Net debt	**$ 285,636**	**356,766**
Total equity	**$ 2,174,031**	**2,182,766**
Debt-to-adjusted-capital ratio	**13.14%**	**16.34%**

(23) Financing activities of non-cash transactions

A. For right-of-use assets under leases, please refer to note 6(8).

B. The reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flow	Non-cash changes	December 31, 2023
Short-term borrowings	$ 107,000	(57,000)	-	50,000
Deposits received	5,875	-	-	5,875
Lease liabilities	222,522	(9,757)	-	212,765
Total liabilities from financing activities	**$ 335,397**	**(66,757)**	**-**	**268,640**

	January 1, 2022	Cash flow	Non-cash changes	December 31, 2022
Short-term borrowings	$ 80,000	27,000	-	107,000
Deposits received	5,511	364	-	5,875
Lease liabilities	230,898	(11,421)	3,045	222,522
Total liabilities from financing activities	**$ 316,409**	**15,943**	**3,045**	**335,397**

7. Related-party transactions:

(1) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the parent-company-only financial statements:

Name of related parties	Relationship with the Company
MTK Computers Limited (MTK)	The subsidiary of the Company
Adara International Inc. (Adara)	The subsidiary of the Company
GoTop Investments Limited (GoTop)	The subsidiary of the Company(Note)
Shanghai Microtek Technology Co., Ltd. (Shanghai Microtek Technology)	The subsidiary of the Company
Microtek Computer Technology (Wu Jiang) Co., Ltd. (Microtek Wu Jiang)	The subsidiary of the Company
Shanghai Microtek Digital Technology Co., Ltd. (Shanghai Microtek Digital Technology)	The subsidiary of the Company
Shanghai Microtek Medical Device Co., Ltd. (Shanghai Microtek Medical)	The subsidiary of the Company
Shanghai Joinwit Optoelectronic Tech Co., Ltd (Shanghai Joinwit)	The subsidiary of the Company
Shanghai Fong-teng Co., Ltd (Shanghai Fong-teng)	The subsidiary of the Company
Wilson Investment Ltd.	Related-Party in Substance

Note : The Company has completed the liquidation on November 17, 2023.

(2) Significant transactions with related parties

A. Operating revenue

The amounts of significant sales by the Company to related parties were as follows:

	2023	2022
Subsidiaries-Microtek Wu Jiang	$ 947	11,698
Subsidiaries-Shanghai Microtek Technology	341	-
	$ 1,288	**11,698**

The Company’s method of valuation on related-party is based on factors such as local business characteristics of marketing subsidiaries, scale of company, transportation time, and the Company’s marketing strategies. All of the transaction have credit period for open account 90 days, which is consistent with previous period and have no significant difference. Price and credit terms for the marketing subsidiaries and the regular clients are incomparable because product specifications and selling strategies are both different in each case. In 2023 and 2022, the Company’s average collection period of receivables for selling regular clients are 21 days and 24 days, respectively; the average collection period of receivables on the subsidiaries are 201 days and 155 days, respectively.

The Company provides Microtek Wu Jiang raw materials for some productions, and then purchases the finished goods after the processing production through Next Top. If the raw materials depleted for the aforementioned purchase is provided by the Company, such part of sale of raw material was already being written-off against the cost of goods purchased of the finished goods in the financial statements. The amount is not counted as the Company's revenue. In 2023 and 2022, the amounts written-off from the sale of raw materials against the purchase cost of the finished goods are $4,006 thousand and $14,450 thousand, respectively.
The Company purchases raw materials on behalf of Microtek Wu Jiang. The purchase does not count as the Company's revenue. In 2023 and 2022, the amounts written-off from the sale of raw materials purchasing on behalf of Microtek Wu Jiang and the cost of goods sold are $5,645 thousand and $23,467 thousand, respectively.
As of December 31 of 2023 and 2022, the unrealized gross profit of $3,007 thousand and $6,244 thousand were recorded under investment accounted for using equity method.

B. Purchases

The amounts of purchases by the Company from related parties were as follows:

	2023	2022
Subsidiaries－Microtek Wu Jiang	**$ 12,347**	**18,186**

The terms of purchase payment of the Company to related parties and regular suppliers are one month and three months, respectively. The transaction prices have no basis for comparison because the type of goods purchased from the related parties are different from regular suppliers.

C. Accounts receivable from related parties

The receivables from related parties resulting from sales and others were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries-Microtek Wu Jiang	$ 265	6,565
Subsidiaries－Shanghai Microtek Technology	577	945
	$ 842	**7,510**

The receivable from related parties resulting from purchasing were as follows:

	December 31, 2023	December 31, 2022
Subsidiaries-Microtek Wu Jiang	**$ 1,931**	**9,827**

D. Accounts payable to related parties

The payables to related parties were as follows:

		December 31, 2023	December 31, 2022
Subsidiaries-Microtek Wu Jiang	$	7,360	6,837

E. Other transactions

(a) Royalty

For the years ended December 31,2023 and 2022, the Company charged $30,920 thousand and $29,860 thousand license fee from Shanghai Microtek Technology, respectively. As of December 31, 2023 and 2022, the receivables occurred due to aforementioned transaction were collected.

(b) Service income

For the years ended December 31, 2023 , the software development service fee from Shanghai Microtek Technology were $6,314 thousand accounted under sales. As of December 31, 2023, the receivables occurred due to aforementioned transaction were collected.

(c) Leases

i. Lease agreement

The Company leases offices, located in Da An district, Taipei City, from related party Wilson Investment Ltd. The lease period began from January 1, 2023 to December 31, 2023. The rent calculation refers to other individual cases in the whole building and adjusts according to the lease area. The rent is paid monthly, annual rent is $1,920 thousand and total contract value is $9,600 thousand.

For the years ended December 31, 2022, the Company recognized $1,981 thousand as depreciation expense, and the interest expense were $13 thousand. As of December 31, 2022, the balance of lease liabilities were $0.

ii. Rent expense

The Company leases offices, located in Da An district, Taipei City, from related party Wilson Investment Ltd. The lease period began from January 1, 2023 to December 31, 2023. It have elected not to recognize the right-of-use assets and lease liabilities for short-term leases. As of December 31, 2023, the Company recognize rent expense $1,920 thousand.

(3) Respectively transactions with key management personnel

Key management personnel compensation comprised:

		2023	2022
Short-term employee benefits	$	22,814	24,068
Post-employment benefits		962	4,713
	$	**23,776**	**28,781**

8. Pledged assets:

Assets	Accounts	Pledged as Collateral		December 31, 2023	December 31, 2022
Buildings	Property, plant and equipment	Credit lines / short-term borrowings	$	74,363	80,655
Time deposits	Financial assets at amortized cost－current	Land guarantee deposits for the Hsinchu Science Park		12,990	12,990
Time deposits	Financial assets at amortized cost－current	Credit lines / short-term borrowings		96,881	-
			$	**184,234**	**93,645**

9. Significant commitment and contingencies:None

10. Losses Due to Major Disasters:None

11. Subsequent Events:None

12. Other:

The following is the summary statement of current period employee benefits, depreciation, and amortization expenses by function:

By funtion / By item	2023			2022		
	Cost of Sale	**Operating Expense**	**Total**	**Cost of Sale**	**Operating Expense**	**Total**
Employee benefits						
Salary	7,642	73,020	80,662	13,214	76,402	89,616
Labor and health insurance	792	6,585	7,377	1,539	6,619	8,158
Pension	338	3,447	3,785	669	3,489	4,158
Remuneration of directors	-	2,560	2,560	-	1,630	1,630
Others	498	3,253	3,751	962	2,801	3,763
Depreciation (Note)	2,920	11,422	14,342	3,226	13,627	16,853

Note: The Company’s depreciation expenses for assets leased to others under operating leases were $4,811 thousand and $4,944 thousand, respectively, in 2023 and 2022, and the depreciation expenses were recognized in non-operating expenses.

Additional information on the number of the Company' s employees and the average employee benefit expenses of the Company for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
The number of employees	93	115
Directors not concurrently employee number	6	5
The Average of employee benefits	$ 1,099	961
The Averge of Salaries	$ 927	815
The Average of salary adjust rate	13.80 %	1.88 %
Supervisor's remuneration	$ -	-

The Company' s salary and remuneration policy (including directors, managers and employees) information is as follows:

(1) Director's remuneration:

The remuneration of the Company's directors is evaluated by the Compensation Committee on the extent of their participation in the Company's operations and the value of their contribution, and the Board of directors is authorized to make decisions based on the evaluation by the Compensation Committee and with reference to industry standards. However, the Company's profits are not up to the standard and the directors don't receive a fixed remuneration except for the carriage fees for attending the board of directors every times.

(2) Employees and directors' remuneration:

If the Company shows a year-end after-tax profit, it shall be decided by the Board of directors. The Company should contribute 2% to 10% of the profit as employee compensation. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The profit after distributing employee compensation can be subject to the recommendation of the compensationcommittee and the resolution of the board of directors, and less than 3% as directors' remuneration when there is profit for the year.

(3) Employees and managers' salaries and bonuses :

The Company has established " Salary Management Measures" and " Performance Management Measures". Remuneration paid to employees and managers is based on their academic qualifications, work experience and reference to the salary level of the same industry; and refers to the proportion of powers and responsibilities of the position, the achievement of personal performance and the contribution to the Company' s operating goals, and the risk of the position , And formulate a reasonable remuneration policy.

13. Addition disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

A. Loans to other parties: None

B. Guarantees and endorsements for other parties: None

C. Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

G. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

I. Trading in derivative instruments: None

(2) Information on investees: Please refer to Table 2.

(3) Information on investment in mainland China:

A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 3.

B. Limitation on investment in Mainland China: Please refer to Table 3.

C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(4) Major shareholders

Shareholding / Shareholder's Name	Shares	Percentage
Youe Chung Investment Co., Ltd.	40,966,000	19.91 %
Wilson Investment Ltd.	37,528,872	18.24 %
Paulko Enterprises Co., Ltd.	36,201,662	17.60 %
San Yu Lumber & Plywood Corp.	30,197,303	14.68 %

A. Information about the substantial shareholders of this form is provided by the General Insurance Company on the last business day of each quarter. The total number of ordinary shares and special shares in which the calculation of shareholders' holding company has completed the unincorporated delivery (including treasury shares) is more than 5%. As to the number of shares recorded in the Company's financial reports that are not physically registered as delivered by the Company, the basis of the calculation may be different and vary.

B. The above information, in the case of a shareholder's delivery of shares to a trust, is disclosed by the individual subaccount of the principal who opened the trust in favor of the trustee. As to the declaration of the shareholders' shareholding of an insider in excess of 10% by virtue of the Securities Trading Act, the shareholding of the shareholders includes the addition of the shares of the shareholders in trust and the application of the right of decision in respect of the trust property, and so on. For information on the declaration of the rights of the insider, please refer to the Public Information Observatory.

14. Segment information:

Please refer to consolidated financial statements for the year ended December 31, 2023.

Microtek International Inc.

Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures)

December 31, 2023

Table 1 (In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Shanghai Microtek Digital Technology	China Resources Yuanta Money Market Fund	None	Financial assets at fair value through profit or loss-current	8,457	36,612	-	36,612	
Shanghai Microtek Technology	China Resources Yuanta Money Market Fund	None	Same as above	10,988	47,568	-	47,568	
Shanghai Microtek Technology	National Trust Jialong No.98	None	Same as above	-	169,141	-	169,141	
Shanghai Joinwit Optoelectronic Tech Co., Ltd	National Trust Jialong No.112	None	Same as above	-	65,933	-	65,933	
Adara	Cathay Taiwan Money Market Fund	None	Same as above	123	1,568	-	1,568	
				Subtotal	320,822		320,822	
The Company	Domex Technology Corp.	None	Assets at fair value through profit or loss-non-current	65	969	0.32	969	
Adara	Epoch Electronics Corp.	None	Same as above	499	-	7.67	-	
				Subtotal	969		969	
Adara	Microtek International Inc.	Parent	Assets at fair value through profit or loss-non-current	2,935	66,610	1.43	66,610	
The Company	Foreign Corporate bonds- HYUNDAI CAPITAL AMERICA	None	Financial assets at amortized cost-current	-	15,384	-	15,384	Note 1、2
The Company	Foreign Corporate bonds- CITI GROUP INC	None	Same as above	-	15,425	-	15,425	
The Company	Foreign Corporate bonds- HSBC HOLDINGS PLC	None	Same as above	-	15,407	-	15,407	
The Company	Foreign Corporate bonds- MORGAN STANTLEY	None	Same as above	-	15,398	-	15,398	
The Company	Foreign Corporate bonds- IBM CORP	None	Same as above	-	17,089	-	17,089	
The Company	Foreign Corporate bonds- ABBVIE INC	None	Same as above	-	15,620	-	15,620	
MTK	Foreign Corporate bonds- SOCGEN	None	Same as above	-	18,635	-	18,635	
MTK	Foreign Corporate bonds- UBS	None	Same as above	-	18,476	-	18,476	
				Subtotal	131,434		131,434	

Note1: Subsidiaries holding shares of the Company have treated as treasury stocks and adjusted long term equity investment and investment gains and losses in accordance with the requirements.

Note2: The inter-company transactions and balances had been eliminated in the consolidated financial statements.

Microtek International Inc.

Information on investees

For the year ended December 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	MTK	Hong Kong	Invest in foreign business of Holding Company	1,127,133	1,127,133	-	100.00	1,538,117	35,000	38,547	Subsidiary Note1
The Company	GoTop	Samoa	Invest in foreign business of Holding Company	-	65,540	-	-	-	3,221	3,221	Subsidiary Note2
The Company	ADARA	Taipei	Responsible for the marketing and after-sales service of the company's products in the domestic market	138,228	138,228	2,000	100.00	1,923	396	396	Subsidiary
								1,540,040		42,164	

Note1: Investment gains and losses recognized by the Company include adjustments in profit and loss on inter-company side-to-side transcurrent transactions.

Note2: The Board of Directors passed a resolution on November 6, 2023 to liquidate Gotop, a subsidiary of the Company. The liquidation process was completed on November 17, 2023, as result of which the company recovered $108,425 thousand from its investment and incurred an investment loss of $237 thousand.

Microtek International Inc.

The names of investees in Mainland China, the main businesses and products, and other information

For the year ended December 31, 2023

Table 3

(In Thousands of New Taiwan Dollars / foreign currencies)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investor	Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated mittance of earnings in current period
						Outflow	Inflow						
MTK	Shanghai Microtek Technology	Sales of image scanners	USD 25,700	Note 1	939,748 USD 27,475	-	-	939,748 USD 27,475	33,290	100.00	36,837	1,492,486	989,963 USD 31,762
Shanghai Microtek Technology	Microtek Wu Jiang	Manufacturing and sales of image scanners	USD 6,000	Note 2	Note 2	-	-	Note 2	(23,330)	100.00	(23,330)	465,782	-
Shanghai Microtek Technology	Shanghai Joinwit	Optoelectronic communication equipment and electronic system services	CNY 5,850	Note 2	Note 2	-	-	Note 2	45,381	65.92	29,915	109,250	-
Shanghai Microtek Technology	Shanghai Microtek Digital Technology	Electronic product sales and after-sales service	CNY 10,000	Note 2	Note 2	-	-	Note 2	808	100.00	808	42,493	-
Shanghai Microtek Technology	Shanghai Microtek Medical	Medical device sales, technology research and development and consulting	CNY 1,000	Note 2	Note 2	-	-	Note 2	11	100.00	11	6,165	-
Shanghai Joinwit	Shanghai Fong-teng	Electronic communication technology consulting and services	CNY 500	Note 2	Note 2	-	-	Note 2	-	46.14	-	-	-

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment
939,748 (USD27,475)	939,748 (USD27,475)	1,304,419 (Note 4)

Investment amount and investment way description:

Note 1: The Company's investment in Shanghai Microtek Technology was indirectly entrusted to MTK, which holds 100% of the consolidated shareholding of the Company. The content of the contract are as follows:

A. At the time of the distribution or closing of the business of the investee company, the method of remittance of funds is: When there is revenue or interest distribution of Shanghai Microtek Technology. The interest obtained first by the trustee and then all of them should be forwarded to the principal.

B. The contractual obligation of the investee company to vest: The trustee is based on this entrusted investment relationship. The rights and obligations arising from Shanghai Microtek Technology are transferred to the Principal and the Trustee does not guarantee its gain or loss.

C. The financial reports of the investee company are sent to the principal on a regular basis: The trustee shall send the financial reports of Shanghai Microtek Technology to the principal. The principal may also appoint an accountant or other auditor to audit the financial report.

Note 2: It is directly invested by the Company's Mainland regional investment business.

Note 3: Converted at historical rates.

Note 4 : Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, the Company’s accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs (“MOEA”). Net amount is \$2,174,031 thousand x 60% = \$1,304,419 thousand.

6.7 The financial situation of the company and its affiliates

The company and its affiliates have not incurred financial crisis in last year and as of the date of publication of Annual report.

7.Review of Financial Conditions, Financial Performance, and Risk Management

7.1Analysis of Financial Status

Unit：NT$K

Year / Item	2022	2023	Difference	
			Amount	%
Current Assets	1,420,045	1,406,897	(13,148)	(1%)
Property、plant and equipment	425,608	391,703	(33,905)	(8%)
Intangible assets	49,854	49,854	-	-
Other assets	1,048,619	1,015,418	(33,201)	(3%)
Total Assets	2,944,126	2,863,872	(80,254)	(3%)
Current liability	328,520	257,319	(71,201)	(22%)
Long-term Liabilities	385,196	376,380	(8,816)	(2%)
Total Liabilities	713,716	633,699	(83,017)	(11%)
Capital stock	2,056,608	2,056,608	-	-
Capital surplus	-	-	-	-
Retained Earnings	(75,863)	(68,523)	7,340	(10%)
Other Adjustments	251,802	235,727	(16,075)	(6%)
Treasury stock	(49,781)	(49,781)	-	-
Non-controlling Equity	47,644	56,142	8,498	18%
Total stockholders' equity	2,230,410	2,230,173	(237)	-

1.Decrease in current liability is due to decrease of short-term loan.

2.Increase in retained earnings and non-controlling equity is due to net income increase.

7.2 Analysis of Financial Performance

Unit：NT$K

Item \ Year	2022	2023	Difference	%
Sales revenue	554,909	575,907	20,998	4%
Gross Profit	152,483	175,650	23,167	15%
Operating income(Loss)	(107,340)	(101,057)	6,283	(6%)
Non-operating income and expense	139,896	140,509	613	-
Income before tax	32,556	39,452	6,896	21%
Net income	18,814	22,267	3,453	18%
Other comprehensive income	(2,983)	(16,593)	(13,610)	456%
Total comprehensive income	15,831	5,674	(10,157)	(64%)
Net income attributable to shareholders of the parent	12,419	6,801	(5,618)	(45%)
Net income attributable to non-controlling interest	6,395	15,466	9,071	142%
Comprehensive income attributable to non-controlling interest	8,787	(8,735)	(17,522)	(199%)
Comprehensive income attributable to non-controlling interest	7,044	14,409	7,365	105%
1.Decrease in operating loss is due to increase of sales and gross profit. 2.Increase in non-operating income and expense is due to increase of interest income.				

<u>The expected sales volume and its basis, which may have the possible impact on the corporation’s future financial business and the corresponding plan:</u>

The company will focus on application solutions, industrial, medical and biotechnology developments. The overall sales volume is expected to increase, but the gross profit margin can be increased and operating profit can also be improved.

7.3 Analysis of Cash Flow

Unit：NT$K

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
352,619	126,891	(134,316)	345,194	-	-

1. Analysis of change in cash flow in the current year:
   (1) Operating activities：increase of cash-related net income (2) Invest activities: Cash decrease is due to acquisition of financial assets.
2. Liquidity analysis for the next year：

Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Estimated Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
345,194	50,000	(50,000)	345,194	-	-

7.4 The Effect on financial operations of any significant capital expenditure：
There is no significant capital expenditure in last year.

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

1. There is no investment plan in the last year.
2. There in no investment plan for the coming year.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures：

Interest rate：In the year of 2023, the interest rate increase; The interest amount was 1,635,000 dollars, which excluded the interest of the lease liability. It was an increase comparing with that of the previous year.
Foreign exchange rates: The exchange loss for the whole year of 2023 was 4,303,000 dollars. The Corporation continues to appropriately manage foreign currency net assets to reduce the impact of exchange rate risks on the corporation
Inflation: None

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions：

The Corporation does not engage in high-risk and high-leverage investments. Also, it does not loan funds to others, make endorsement guarantees and purchase derivative products.

7.6.3 Future Research & Development Projects and Corresponding Budget：

Based on the image capturing technology, the research and development plans for the Corporation in the future will be extended to the application fields such as the medical, industry and biology. In the year of 2024, the Corporation will invest about 87,000,000 dollars as the R&D expense.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales：None**.**

7.6.5 Effects of and Response to Changes in Technology and the Industry (Including information security risk) Relating to Corporate Finance and Sales:

The industry and technology fields where the Corporation engaged in have no major changes. The company has formed an information security management committee with the general manager as the convener. The Information Security Management Committee is responsible for formulating information security policies and planning, promoting, implementing information security management programs. The committee reports to the board of directors about information security-related issues and implementation status at least once a year. The latest report date in on 7 Nov. 2023.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

The Corporation has no intention to change its corporate image.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans：

The Corporation has no acquisition plans.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans：

The Corporation has no plans to expand factories.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration：

Purchase: The corporation's main components are purchased from regions such as Taiwan, Japan, USA and China. In addition, it continues to look for new suppliers to diversify supply and reduce costs

Sales: The corporation mainly operates its own brands. In China, it sells as regional agents and distributors through wholly-owned subsidiaries; in other places such as Europe, America, Asia Pacific, and Taiwan, it sells as distributors and also cooperates with retailers. Thus, there is no risk of sales concentration.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: No effects to the corporation in share transfer.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights：

The Corporation has no change in management rights.

7.6.12 Litigation or Non-Litigation Matters: None.

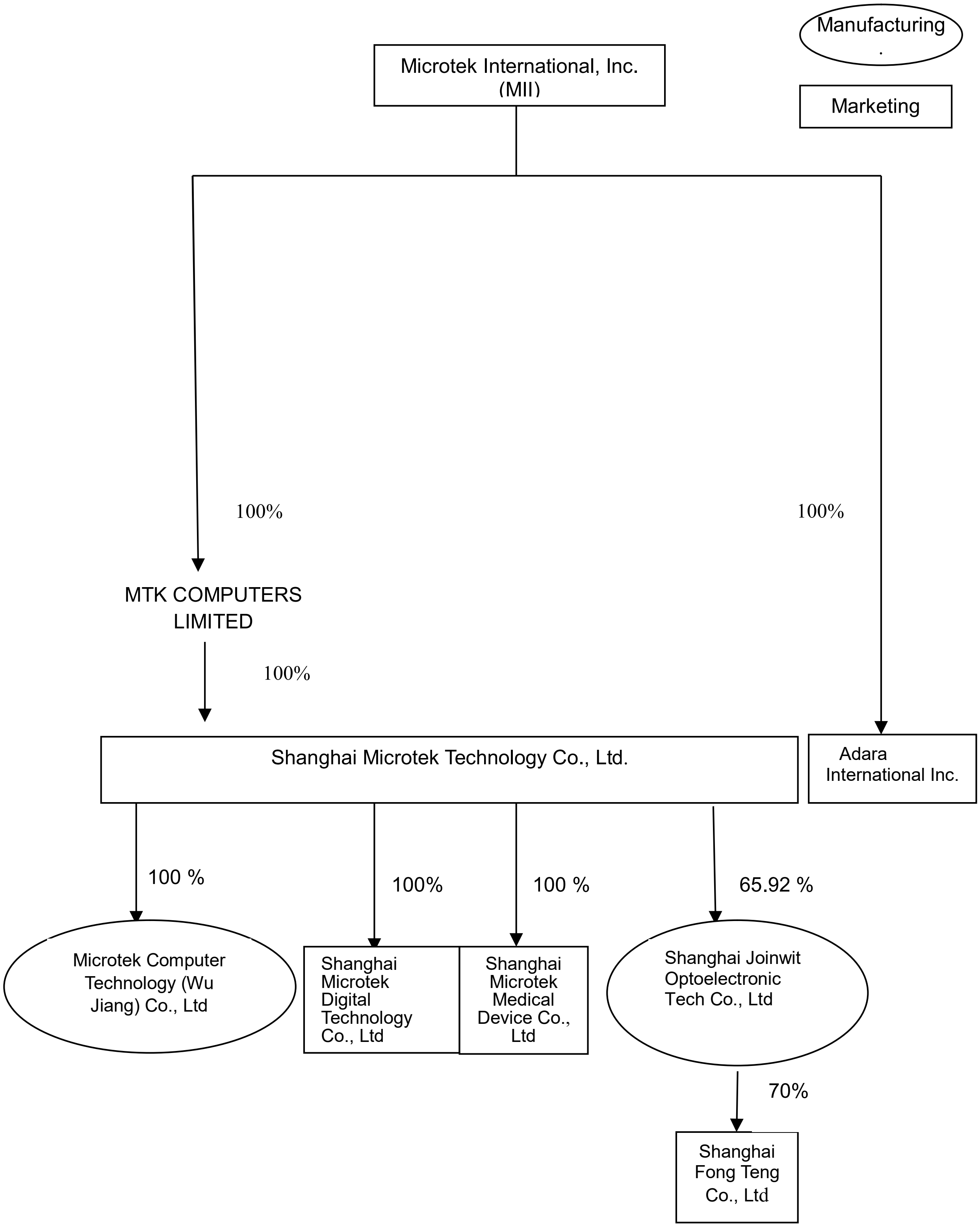
7.6.13 Other Major Risks：None**.**

7.7 Other important matters：None.

8.Special disclosure

8.1Summary of Affiliated Companies

Organization chart of affiliated companies



8.1.1 Consolidated Business Reports

Summary of Affiliated Companies

Company	Date of incorporation	Address	Paid-in Capital	Major business activities
Adara International Inc.	1988.11.20	Taipei City, Taiwan	NT 20,000,000	Sales, maintenance of image scanners and application project in the domestic market
MTK COMPUTERS LIMITED	1991.11.12	Causeway Bay , Hong Kong	US 7,801,282 Currency rate:32.20	Holding company to invest on Shanghai Microtek Technology Co., Ltd.
Shanghai Microtek Technology Co., Ltd.	1992.10.26	Shanghai City, P.R.C	US 25,700,000 Currency rate:32.218	Producing, sales and maintenance of image scanners in the Mainland China
Microtek computer Technology(Wu Jiang) CO., Ltd.	1999.04.20	Wujiang Economic and Technology Development Zone, Suzhou, Jiangsu , P.R.C	US 6,000,000 Currency rate:31.294	Producing, sales and maintenance of image scanners in the Mainland China
Shanghai Microtek Digital Technology Co., Ltd.	2006.06.30	Shanghai City, P.R.C	RMB 10,000,000 Currency rate:4.329	Sales of digital product, image capture device
Shanghai Joinwit Optoelectronic Tech Co., Ltd.	1998.09.11	Shanghai City, P.R.C	RMB 5,850,000 Currency rate：4.329	Electronic communication and electronic system services technology
Shanghai Fong-teng Co., Ltd.	2006.06.27	Shanghai City, P.R.C	RMB 500,000 Currency rate：4.329	Providing advisory and service for the electronic information and technology
Shanghai Microtek Medical Device Co., Ltd.	2009.09.25	Shanghai City, P.R.C	RMB 1,000,000 Currency rate：4.329	Providing advisory and service for the selling of medical devices and R&D

Directors 、Supervisors and presidents of affiliated companies

Unit:：Share、%

Company	Title	Name or Representative	Shareholding	
			Share	Shareholding %
Adara International Inc.	Director(Note1) Supervisor(Note1)	Chin-Lai Wu Mei-Rong Chen	2,000,000 2,000,000	100% 100%
MTK COMPUTERS LIMITED	Director	Chin-Lai Wu, Ching-Hui Hsieh	0	0
Shanghai Microtek Technology Co., Ltd.	Director General Manager	Chin-Lai Wu, Ching-Hui Hsieh,Po-Tsung Lin Po-Tsung Lin	-	0

Company	Title	Name or Representative	Shareholding	
			Share	Shareholding %
Microtek computer Technology(Wu Jiang) CO., Ltd.	Director General Manager	Chin-Lai Wu, Ching-Hui Hsieh,Po-Tsung Lin Wan-Cheng Hsu	-	0
Shanghai Microtek Digital Technology Co., Ltd.	Director General Manager	Chin-Lai Wu, Ching-Hui Hsieh, Po-Tsung Lin Po-Tsung Lin	-	0
Shanghai Joinwit Optoelectronic Tech Co., Ltd.	Director General Manger	Huai-Zhuyin tsuei, Po-Thsung Lin, Wan-Cheng Hsu Huai-Zhuyin tsuei	-	34%
Shanghai Fong-teng Co., Ltd.	General Manger	Huai-Zhuyin tsuei	-	0
Shanghai Microtek Medical Device Co., Ltd.	General Manger	Po-Tsung Lin	-	0

Note1：The Director and supervisor of Adara International is the representative of Microtek International, Inc.

The Operating Status of the Affiliated Company

Unit：NT$K

Company	Capital	Total Assets	Total Liabilities	Net worth	Sales	Operating Income	Net Income	EPS(NT$)(After Tax)
Adara International Inc.	20,000	68,532	-	68,532	-	(31)	396	0.20
MTK COMPUTERS LIMITED	251,199	45,631	-	45,631	-	(138)	1,710	Note
Shanghai Microtek Technology Co., Ltd	828,002	1,631,773	186,751	1,445,022	113,139	(37,252)	33,290	Note
Microtek computer Technology(Wu Jiang) CO., Ltd.	215,017	487,077	24,760	462,317	55,786	(48,580)	(23,330)	Note
Shanghai Microtek Digital Technology Co., Ltd	43,290	42,493	-	42,493	-	-	808	Note
Shanghai Joinwit Optoelectronic Tech Co., Ltd	25,325	283,847	118,336	165,511	379,205	45,163	45,381	Note
Shanghai Fong-teng Co., Ltd	2,165	4	268	(264)	-	-	-	Note
Shanghai Microtek Medical Device Co., Ltd	4,329	6,165	-	6,165	-	-	11	Note

Note: The companies are overseas subsidiaries and the most of them do not issue capital shares. Therefore, their earnings (loss) per share can only be calculated as parts in domestic subsidiaries.

8.1.2 Declaration of consolidated financial statements of Microtek International Inc., and subsidiaries

The entities that are required to be included in the combined financial statements of

Microtek International Inc dated from Jan.31,2023 to Dec. 31, 2023, under the Criteria Governing the preparation of Affiliation Reports ,Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financing Reporting Standard 10 “Consolidated Financial Statements” .In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Micorkek International Inc., and subsidiaries do not prepare a separate set of combined financial statements.

Microtek International Inc.,

Chairman: Chin-Lai Wu

Mar. 11,2024

8.1.3 Affiliation Reports： N/A

8.2 Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of annual reports：None.

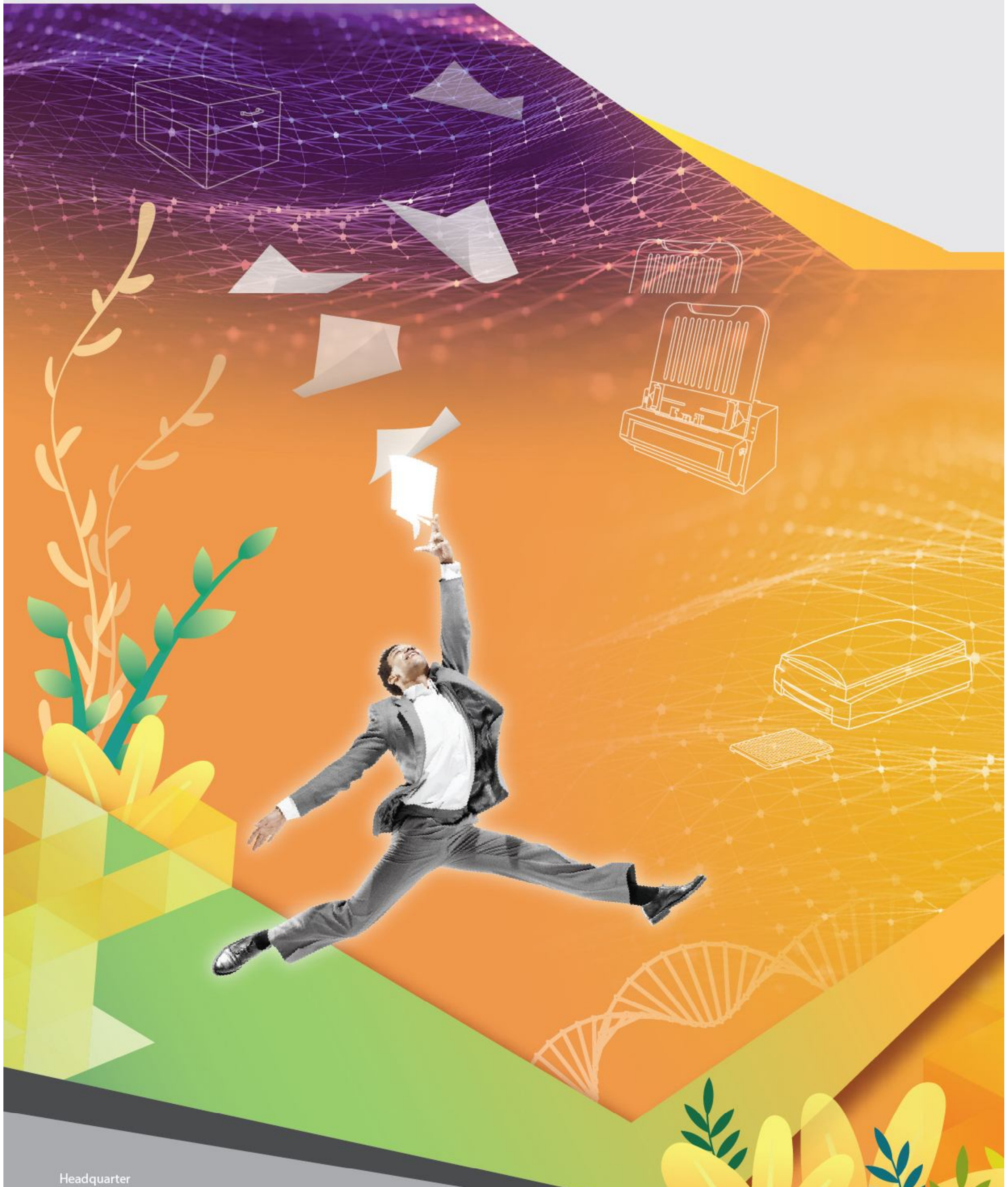
8.3 Holding or disposal of shares in the company by the company’s subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of annual reports:

nit:NT$K；Share

<table>
<tr><th>Subsidiary Name</th><th>Paid-in Capital</th><th>Source(s) of Funds</th><th>Shareholding Ratio of Microtek</th><th>Dates for Acquisition and Disposal</th><th>Acquisition of Shares and Amount</th><th>Disposal of Shares and Amount</th><th>Profit and Loss on Investment</th><th>Holding of Shares and Amount when the Annual Report is Printed</th><th>Creation of Pledge</th><th>The Endorsement Guarantee Amount Paid by Microtek</th><th>The Amount Loaned by Microtek</th></tr>
<tr><td rowspan="2">Adara International, Inc.</td><td rowspan="2">20,000</td><td rowspan="2">Equity Fund</td><td rowspan="2">100%</td><td>2023</td><td>-</td><td>-</td><td>-</td><td>Numbers of Shares: 2,934,365 Amount: 49,781</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>2022</td><td>-</td><td>-</td><td>-</td><td>Numbers of Shares: 2,934,365 Amount: 49,781</td><td>-</td><td>-</td><td>-</td></tr>
</table>

8.4 Other matters：None。

8.5 If any of the situations listed in Article 36, Paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might affect shareholders’ equity or stock price of company, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of annual reports: None.



Headquarter

MICROTEK International, Inc.
No.6, Industry East Road 3, Hsinchu Science Park, Hsinchu 30075, Taiwan
Tel: (03)-577-2155 Fax: (03)-577-2598

Stock Transfer Agent

Capital Securities Corporation
B2, No. 76, Sec 2, Dunhua S. Rd, Dn-an District Taipei 10683, Taiwan
Tel : (02)2702-3999 Fax:(02)2708-2200