

Fortune Information Systems Corporation and Subsidiaries

Consolidated Financial Statements for the Six
Months Ended June 30, 2024 and 2023 and
Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Fortune Information Systems Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Fortune Information Systems Corp. and its subsidiaries (collectively, the “Group”) as of June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six months then end, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by Financial Supervisory Commission(FSC) of the Republic of China(ROC). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as stated in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of non-significant subsidiaries, included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2024 and 2023, the unreviewed assets were NT\$ 91,005 thousand and NT\$ 115,670 thousand, respectively, representing 5% and 6%, respectively, of the consolidated total assets, and the unreview liabilities were NT\$ 13,696 thousand and NT\$ 24,090 thousand, respectively, representing 2% and 3%, respectively, of the consolidated total liabilities. For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the amounts of the unreviewed comprehensive income or loss were NT\$ 725 thousand, NT\$ 2,467 thousand, NT\$ 4,709 thousand and NT\$ 3,117 thousand, respectively, representing 5%, 8%, 13% and 8%, respectively, of the consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months ended June 30, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC of the ROC.

The engagement partners on the reviews resulting in this independent auditors’ review report are Cai, You-Ling and Lin, Wen-Qin.

Deloitte & Touche
Taipei, Taiwan
Republic of China
August 9, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors’ review report and consolidated financial statements shall prevail.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	June 30, 2024		December 31, 2023		June 30, 2023	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 229,679	12	\$ 383,681	19	\$ 187,155	9
Financial assets at amortized cost (Note 7)	27,423	2	50,291	3	50,595	3
Contract assets (Note 19 and 25)	653,664	34	569,544	28	683,325	34
Notes receivable (Note 8)	2,508	-	1,214	-	16,613	1
Accounts receivables (Note 8, 19 and 25)	200,662	11	186,067	9	309,780	15
Other receivables (Note 8)	896	-	37,647	2	1,726	-
Inventories (Note 10)	215,141	11	212,000	11	168,991	8
Prepayments	51,351	3	47,155	2	61,681	3
Non-current assets held for sale (Note 9)	23,556	1	-	-	-	-
Other current assets	<u>25,801</u>	<u>1</u>	<u>21,343</u>	<u>1</u>	<u>7,745</u>	<u>-</u>
Total current assets	<u>1,430,681</u>	<u>75</u>	<u>1,508,942</u>	<u>75</u>	<u>1,487,611</u>	<u>73</u>
NON-CURRENT ASSETS						
Property, plant and equipment (Note 12)	210,984	11	234,120	12	236,880	12
Right-of-use assets (Note 13)	8,508	1	13,134	1	13,572	1
Investment property (Note 14)	60,577	3	60,917	3	61,287	3
Other intangible assets	770	-	1,133	-	1,219	-
Deferred tax assets	1,304	-	1,612	-	864	-
Refundable deposits	177,965	9	168,374	8	186,404	9
Long-term accounts receivables (Note 8 and 19)	7,719	-	9,623	-	13,901	1
Net defined benefit assets	<u>20,763</u>	<u>1</u>	<u>20,763</u>	<u>1</u>	<u>22,549</u>	<u>1</u>
Total non-current assets	<u>488,590</u>	<u>25</u>	<u>509,676</u>	<u>25</u>	<u>536,676</u>	<u>27</u>
TOTAL	<u>\$ 1,919,271</u>	<u>100</u>	<u>\$ 2,018,618</u>	<u>100</u>	<u>\$ 2,024,287</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 15)	\$ -	-	\$ 30,000	2	\$ 30,000	2
Short-term bills payable (Note 15)	-	-	49,937	2	59,908	3
Contract liabilities (Note 19 and 25)	76,260	4	89,596	4	58,586	3
Notes payable	20	-	20	-	20	-
Accounts payables	364,650	19	396,910	20	453,388	22
Other payables (Note 16)	194,032	10	157,384	8	168,701	8
Current tax liabilities	9,089	1	14,395	1	11,603	1
Lease liabilities (Note 13 and 25)	5,235	-	8,645	-	8,233	-
Other current liabilities	<u>45,176</u>	<u>2</u>	<u>26,168</u>	<u>1</u>	<u>23,705</u>	<u>1</u>
Total current liabilities	<u>694,462</u>	<u>36</u>	<u>773,055</u>	<u>38</u>	<u>814,144</u>	<u>40</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	4,153	1	4,153	-	4,510	-
Lease liabilities (Note 13 and 25)	3,369	-	4,594	1	5,443	1
Other non-current liabilities	<u>3,341</u>	<u>-</u>	<u>3,195</u>	<u>-</u>	<u>3,227</u>	<u>-</u>
Total non-current liabilities	<u>10,863</u>	<u>1</u>	<u>11,942</u>	<u>1</u>	<u>13,180</u>	<u>1</u>
Total liabilities	<u>705,325</u>	<u>37</u>	<u>784,997</u>	<u>39</u>	<u>827,324</u>	<u>41</u>
EQUITY (Note 18)						
Common stock	<u>699,612</u>	<u>36</u>	<u>699,612</u>	<u>35</u>	<u>699,612</u>	<u>34</u>
Capital surplus	<u>62,361</u>	<u>3</u>	<u>62,361</u>	<u>3</u>	<u>62,361</u>	<u>3</u>
Retained earnings						
Legal reserve	190,121	10	182,351	9	182,351	9
Special reserve	3,481	-	3,279	-	3,279	-
Unappropriated earnings	<u>257,666</u>	<u>14</u>	<u>289,498</u>	<u>14</u>	<u>251,975</u>	<u>13</u>
Total retained earnings	<u>451,268</u>	<u>24</u>	<u>475,128</u>	<u>23</u>	<u>437,605</u>	<u>22</u>
Other equity interests	<u>705</u>	<u>-</u>	<u>(3,480)</u>	<u>-</u>	<u>(2,615)</u>	<u>-</u>
Total equity	<u>1,213,946</u>	<u>63</u>	<u>1,233,621</u>	<u>61</u>	<u>1,196,963</u>	<u>59</u>
TOTAL	<u>\$ 1,919,271</u>	<u>100</u>	<u>\$ 2,018,618</u>	<u>100</u>	<u>\$ 2,024,287</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 19 and 25)	\$ 596,188	100	\$ 777,837	100	\$1,096,000	100	\$1,267,005	100
OPERATING COSTS (Notes 10 and 20)	<u>533,879</u>	<u>89</u>	<u>690,912</u>	<u>89</u>	<u>969,155</u>	<u>88</u>	<u>1,119,414</u>	<u>88</u>
GROSS PROFIT FROM OPERATIONS	62,309	11	86,925	11	126,845	12	147,591	12
OPERATING EXPENSES (Notes 20 and 25)	<u>47,176</u>	<u>8</u>	<u>52,175</u>	<u>6</u>	<u>93,351</u>	<u>9</u>	<u>100,139</u>	<u>8</u>
OPERATING INCOME	<u>15,133</u>	<u>3</u>	<u>34,750</u>	<u>5</u>	<u>33,494</u>	<u>3</u>	<u>47,452</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Note 20 and 25)								
Interest income	1,525	-	948	-	2,862	-	1,868	-
Other income	2,726	-	1,476	-	6,801	1	4,651	-
Other gains and losses, net	(1,692)	-	29	-	(1,508)	-	263	-
Finance costs	(<u>403</u>)	<u>-</u>	(<u>1,102</u>)	<u>-</u>	(<u>792</u>)	<u>-</u>	(<u>2,358</u>)	<u>-</u>
Total non-operating income and expenses	<u>2,156</u>	<u>-</u>	<u>1,351</u>	<u>-</u>	<u>7,363</u>	<u>1</u>	<u>4,424</u>	<u>-</u>
INCOME BEFORE INCOME TAX	17,289	3	36,101	5	40,857	4	51,876	4
INCOME TAX EXPENSE (Note 21)	<u>4,095</u>	<u>1</u>	<u>8,579</u>	<u>1</u>	<u>8,748</u>	<u>1</u>	<u>11,695</u>	<u>1</u>
NET INCOME	<u>13,194</u>	<u>2</u>	<u>27,522</u>	<u>4</u>	<u>32,109</u>	<u>3</u>	<u>40,181</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	1,212	-	1,715	-	4,185	-	668	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	(<u>5</u>)	<u>-</u>
Other comprehensive income, net of income tax	<u>1,212</u>	<u>-</u>	<u>1,715</u>	<u>-</u>	<u>4,185</u>	<u>-</u>	<u>663</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 14,406</u>	<u>2</u>	<u>\$ 29,237</u>	<u>4</u>	<u>\$ 36,294</u>	<u>3</u>	<u>\$ 40,844</u>	<u>3</u>
EARNINGS PER SHARE (NT\$, Note 22)								
Basic earnings per share	<u>\$ 0.19</u>		<u>\$ 0.39</u>		<u>\$ 0.46</u>		<u>\$ 0.57</u>	
Diluted earnings per share	<u>\$ 0.19</u>		<u>\$ 0.39</u>		<u>\$ 0.46</u>		<u>\$ 0.57</u>	

The accompanying notes are an integral part of the consolidated financial statements.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

	<u>Capital Stock - Common Stock</u>			<u>Earnings</u>			<u>Others</u>		<u>Total Equity</u>
	<u>Shares (In Thousands)</u>	<u>Amount</u>	<u>Capital Surplus</u>	<u>Legal Capital Reserve</u>	<u>Special Capital Reserve</u>	<u>Unappropriated Earnings</u>	<u>Foreign Currency Translation Reserve</u>	<u>Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income</u>	
BALANCE, JANUARY 1, 2023	69,961	\$ 699,612	\$ 62,361	\$ 175,261	\$ 9,690	\$ 254,449	(\$ 3,283)	\$ 5	\$ 1,198,095
Distribution of 2022 earnings									
Legal capital reserve	-	-	-	7,090	-	(7,090)	-	-	-
Special capital reserve	-	-	-	-	(6,411)	6,411	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(41,976)	-	-	(41,976)
Net income for the six months ended June 30, 2023	-	-	-	-	-	40,181	-	-	40,181
Other comprehensive income (loss), net of income tax for the six months ended June 30, 2023	-	-	-	-	-	-	668	(5)	663
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	40,181	668	(5)	40,844
BALANCE, JUNE 30, 2023	<u>69,961</u>	<u>\$ 699,612</u>	<u>\$ 62,361</u>	<u>\$ 182,351</u>	<u>\$ 3,279</u>	<u>\$ 251,975</u>	<u>(\$ 2,615)</u>	<u>\$ -</u>	<u>\$ 1,196,963</u>
BALANCE, JANUARY 1, 2024	69,961	\$ 699,612	\$ 62,361	\$ 182,351	\$ 3,279	\$ 289,498	(\$ 3,480)	\$ -	\$ 1,233,621
Distribution of 2023 earnings									
Legal capital reserve	-	-	-	7,770	-	(7,770)	-	-	-
Special capital reserve	-	-	-	-	202	(202)	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(55,969)	-	-	(55,969)
Net income for the six months ended June 30, 2024	-	-	-	-	-	32,109	-	-	32,109
Other comprehensive income (loss), net of income tax for the six months ended June 30, 2024	-	-	-	-	-	-	4,185	-	4,185
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	-	32,109	4,185	-	36,294
BALANCE, JUNE 30, 2024	<u>69,961</u>	<u>\$ 699,612</u>	<u>\$ 62,361</u>	<u>\$ 190,121</u>	<u>\$ 3,481</u>	<u>\$ 257,666</u>	<u>\$ 705</u>	<u>\$ -</u>	<u>\$ 1,213,946</u>

The accompanying notes are an integral part of the consolidated financial statements.

FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 40,857	\$ 51,876
Adjustments for:		
Depreciation expense	7,468	7,706
Amortization expense	1,054	464
Expected credit loss (reversal of gain)	760	(23)
Finance costs	792	2,358
Interest income	(2,862)	(1,868)
Gain on disposal or retirement of property, plant and equipment, net	-	(446)
Write-down of inventories (reversal of write-down of inventories)	354	(205)
(Gain) loss on foreign exchange, net	(880)	161
Changes in operating assets and liabilities		
Contract assets	(84,120)	(46,892)
Notes receivable	(1,294)	579
Accounts receivable	(13,451)	41,511
Other receivables	36,751	26,857
Inventories	(4,297)	34,996
Prepayments	(4,107)	(9,679)
Other current assets	(4,458)	7,604
Net defined benefit assets	-	(154)
Contract liabilities	(13,336)	(35,861)
Accounts payable	(32,260)	11,255
Other payables	(19,312)	(19,420)
Other current liabilities	<u>19,008</u>	<u>3,757</u>
Cash (used in) generated from operations	(73,333)	74,576
Interest received	2,862	2,056
Interest paid	(738)	(2,299)
Income taxes paid	(<u>13,832</u>)	(<u>8,841</u>)
Net cash (used in) generated from operating activities	(<u>85,041</u>)	<u>65,492</u>

(Continued)

FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from redemption upon maturity of financial assets at fair value through other comprehensive income	\$ -	\$ 6,062
Acquisitions of financial assets at amortized cost	(26,928)	(49,617)
Proceeds from disposal of financial assets at amortized cost	52,224	25,331
Acquisition of property, plant and equipment	(1,088)	(2,801)
Proceeds from disposal of property, plant and equipment	8	447
Refundable deposits paid	(9,591)	(21,675)
Acquisitions of Intangible assets	(425)	(372)
Net cash generated from (used in) investing activities	<u>14,200</u>	<u>(42,625)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(30,000)	(135,000)
Decrease in short-term bills payable	(50,000)	-
Repayment of the principal portion of lease liabilities	(4,635)	(4,073)
Increase in other non-current liabilities	<u>146</u>	<u>22</u>
Net cash used in financing activities	<u>(84,489)</u>	<u>(139,051)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,328</u>	<u>(332)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(154,002)</u>	<u>(116,516)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>383,681</u>	<u>303,671</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 229,679</u>	<u>\$ 187,155</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Fortune Information Systems Corp.(hereinafter referred to as the "Company") was established on April 11, 1977 in Taipei City. Its main business activities include: (1) buying, selling, leasing and repairing office machines, office automation equipment, computers and other information equipment, computer peripherals, microfilm equipment, devices, and their parts, accessories and supplies; (2) system analysis and programming of computer and other information software; (3) data processing services for clients, etc.

The Company's shares were listed on the Taipei Exchange since December 4, 1999. In September 17, 2001, its shares were transferred to list on the Taiwan Stock Exchange.

As of June 30, 2024, the Company has four branches located in Taoyuan, Hsinchu, Taichung, and Kaohsiung.

The Company merged, through a simplified merger, its wholly-owned subsidiary, IPAC TECHNOLOGY CO., LTD. in December 31, 2023.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on August 9, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the accounting policies of the Company and its subsidiaries (collectively as the "Group").

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025.

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group had assessed that the application of above standards would not have a material impact on the Group’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for net defined benefit assets which are measured at the present value of the defined benefit obligations less the fair value of the plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (2) Level 2 inputs are 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); and
- (3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (the subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective date of acquisition up to the effective dates of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Please refer to Note 11 and Table 4 for the subsidiaries' name, percentage of shares owned by the Company and main businesses.

d. Other Material Accounting Policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

(1) Current and Non-current Assets and Liabilities

Current assets include:

- (a) Assets held primarily for the purpose of trading;
- (b) Assets expected to be realized within 12 months after the reporting period; and
- (c) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least one operating cycle after the reporting period.

Current liabilities include:

- (a) Liabilities held primarily for the purpose of trading;
- (b) Liabilities due to be settled within 12 months after the reporting period; and
- (c) It does not have substantive rights to defer settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

(2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

(3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

(4) Non-current Assets Held for Sale

The book value of non-current assets classified as held for sale is expected to be recovered primarily through sale. Being classified as held for sale, the assets should be available for immediate sale. Being available for immediate sale means the management is committed to a planned sale and the sale is highly probable within 12 months.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When adopting accounting policies, the management of the Group must make judgments, estimates, and assumptions based on historical experience and other relevant factors for information that is not readily available from other sources. The resulting accounting estimates and assumptions might be different from the actual results.

When the Group is developing significant accounting estimates, it incorporates the potential impact into considerations for significant estimates related to cash flow projections, growth rates, discount rates, profitability, and other relevant factors. The management will continuously review estimates and underlying assumptions.

For the summary of critical accounting judgements and key sources of estimation uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and revolving funds	\$ 393	\$ 393	\$ 403
Checking accounts and demand deposits	119,535	153,882	87,987
Cash equivalents			
Time deposits with original maturities within 3 months	-	-	18,944
Repurchase agreements	<u>109,751</u>	<u>229,406</u>	<u>79,821</u>
	<u>\$ 229,679</u>	<u>\$ 383,681</u>	<u>\$ 187,155</u>

Interest rate range during reporting period

	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits with original maturities within 3 months	-	-	1.10%~1.16%
Repurchase agreements	1.36%~1.40%	1.00%	0.95%

7. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2024	December 31, 2023	June 30, 2023
Time deposits with original maturity more than 3 months	<u>\$ 27,423</u>	<u>\$ 50,291</u>	<u>\$ 50,595</u>

As of June 30, 2024, December 31, 2023 and June 30, 2023, with yearly interest rates of time deposits with original maturity more than 3 months is 4.00~4.10%, 4.00~4.50% and 2.30%~3.60%, respectively.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes receivable</u>			
Gross carrying amount at amortized cost	<u>\$ 2,508</u>	<u>\$ 1,214</u>	<u>\$ 16,613</u>
<u>Accounts receivable</u>			
Gross carrying amount at amortized cost	\$ 209,920	\$ 196,575	\$ 324,715
Less: Unrealized interest income	(561)	(667)	(809)

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Less: Allowance for impairment loss	(<u>978</u>) <u>\$ 208,381</u>	(<u>218</u>) <u>\$ 195,690</u>	(<u>225</u>) <u>\$ 323,681</u>
Current	<u>\$ 200,662</u>	<u>\$ 186,067</u>	<u>\$ 309,780</u>
Non-current	<u>\$ 7,719</u>	<u>\$ 9,623</u>	<u>\$ 13,901</u>
<u>Other receivables</u>			
Receivable for payment on behalf of others	\$ -	\$ 36,816	\$ 1,482
Other	<u>896</u> <u>\$ 896</u>	<u>831</u> <u>\$ 37,647</u>	<u>244</u> <u>\$ 1,726</u>

The average credit period of receivable was 60 to 120 days. In order to mitigate credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, the Group reviews the recoverable amount of trade receivables at balance sheet dates to ensure that adequate allowance is provided for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk could be reasonably reduced.

The Group provides for expected credit losses which permits the use of lifetime expected loss provision for all receivable. The expected credit losses on receivable are estimated using a provision matrix by reference to the past default experience of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. According to loss patterns for different customer segment, the provision of loss allowance is based on past due status.

The Group writes off a trade receivable when there are evidences indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and receivables based on the Group's provision matrix.

June 30, 2024

	Not Past Due	Overdue 1-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	\$ 203,996	\$ 7,042	\$ 15	\$ -	\$ 814	\$ 211,867
Loss allowance (Lifetime ECLs)	(<u>174</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>804</u>)	(<u>978</u>)
Amortized cost	<u>\$ 203,822</u>	<u>\$ 7,042</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 210,889</u>

December 31, 2023

	Not Past Due	Overdue 1-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	\$ 191,477	\$ 4,589	\$ -	\$ -	\$ 1,056	\$ 197,122
Loss allowance (Lifetime ECLs)	(<u>44</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>174</u>)	(<u>218</u>)
Amortized cost	<u>\$ 191,433</u>	<u>\$ 4,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 882</u>	<u>\$ 196,904</u>

June 30, 2023

	Not Past Due	Overdue 1-60 days	Overdue 61- 90 days	Overdue 91-120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	\$ 333,052	\$ 7,454	\$ 13	\$ -	\$ -	\$ 340,519
Loss allowance (Lifetime ECLs)	(<u>209</u>)	(<u>16</u>)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>225</u>)
Amortized cost	<u>\$ 332,843</u>	<u>\$ 7,438</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,294</u>

The movements of the loss allowance of receivable were as follow:

	For the Six Months Ended June 30	
	2024	2023
Balance at January 1	\$ 218	\$ 246
Add: Net remeasurement of (reversal) loss allowance	<u>760</u>	(<u>21</u>)
Balance at June 30	<u>\$ 978</u>	<u>\$ 225</u>

9. Non-current Assets Held for Sale(December 31, 2023 and June 30, 2023 : None)

	For the Six Months Ended June 30, 2024
Property, plant and equipment held for sale	<u>\$ 23,556</u>

The Group plans to sell real estate located in Hong Kong and Tainan, and is currently actively seeking buyers. Since the expected selling price is anticipated to exceed the book value of the related assets, no impairment loss has been recognized when classifying these assets as held for sale non-current assets.

10. INVENTORIES

	June 30, 2024	December 31, 2023	June 30, 2023
Merchandise	<u>\$ 215,141</u>	<u>\$ 212,000</u>	<u>\$ 168,991</u>

For the three months and the six months ended June 30, 2024 and 2023, the cost of goods sold related to inventories amounted to \$377,984 thousand, \$546,414 thousand, \$698,210 thousand and \$844,666 thousand, respectively, which including the inventory write-down (reversal of write-down) totaling \$354 thousand, \$(111) thousand, \$354 thousand and \$(205) thousand, respectively.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Entities included in the Group's consolidated financial statements were as follows:

Investor	Subsidiary	Main Business	Percentage of Ownership			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
The Company	IPAC Technology CO. LTD. (IPAC)	Data Storage Media Units Manufacturing	-	-	100%	Note 1 and 2
	Fortune Information System (In') LTD. (HK FIS)	Information Service	100%	100%	100%	Note 1 and 3
	SBAS (HK) LTD. (SBAS)	Information Service	100%	100%	100%	Note 1 and 3
	Fortune Technology System Corp. (FTSC)	Information Service	100%	100%	100%	-

Note 1: Non-significant subsidiaries, and their financial statements have not been reviewed.

Note 2: The company's board of directors resolved to merge with IPAC through a simple merger on November 10, 2023. The merger's effective date is December 31, 2023. After the merger, the company will be the surviving entity, and IPAC will be the dissolving entity.

Note 3: The company's board of directors resolved to approve the dissolution and liquidation of its subsidiaries, HK FIS and SBAS on May 9, 2024.

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

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 136,516	\$ 137,657	\$ 137,657
Buildings	70,180	76,397	77,519
Miscellaneous equipment	<u>4,288</u>	<u>20,066</u>	<u>21,704</u>
	<u>\$ 210,984</u>	<u>\$ 234,120</u>	<u>\$ 236,880</u>

Except for the recognized depreciation expenses, there was no significant purchase, disposal or impairment of the Group's property, plant and equipment for the six months ended June 30, 2024 and 2023.

The methods that property, plant and equipment are depreciated over the estimated useful life of the asset are as below:

	Depreciation method	Useful life
Buildings		
Primary building	Straight-line basis	50-60 years
Air conditioning systems and renovation	Fixed-percentage-on-declining-base	10-20 years
Decoration equipment	Straight-line basis	1-5 years
Miscellaneous equipment	Fixed-percentage-on-declining-base	3-20 years

As of June 30, 2024, December 31, 2023 and June 30, 2023, there are no cases of mortgages or pledges on property, plant and equipment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount			
Land	\$ -	\$ 424	\$ 847
Buildings	4,450	7,730	11,307
Machinery and equipment	<u>4,058</u>	<u>4,980</u>	<u>1,418</u>
	<u>\$ 8,508</u>	<u>\$ 13,134</u>	<u>\$ 13,572</u>
	For the Three Months Ended June 30	For the Six Months Ended June 30	
	2024	2023	2024 2023
Additions to right-of-use assets			<u>\$ -</u> <u>\$ 1,501</u>
Depreciation charge for right-of-use assets			
Land	\$ 211	\$ 212	\$ 423 \$ 424
Buildings	1,640	1,789	3,280 3,577
Machinery and equipment	<u>462</u>	<u>83</u>	<u>923</u> <u>83</u>
	<u>\$ 2,313</u>	<u>\$ 2,084</u>	<u>\$ 4,626</u> <u>\$ 4,084</u>

Except for the recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2024 and 2023

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount			
Current	<u>\$ 5,235</u>	<u>\$ 8,645</u>	<u>\$ 8,233</u>
Noncurrent	<u>\$ 3,369</u>	<u>\$ 4,594</u>	<u>\$ 5,443</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	-	0.88%	0.88%
Buildings	0.88%~1.19%	0.88%~1.19%	0.88%~1.19%
Machinery and equipment	1.90%~1.99%	1.90%~1.99%	1.90%

c. Material lease-in activities and terms

The significant leasing items of the Group involve renting land and buildings for use as offices and warehouses, with lease terms ranging from 3 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group applies the recognition exemption to leases of buildings and office equipment as short-term lease and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases. Other material information for leases is as follow:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Expenses related to short-term and low-value asset leases	<u>\$ 472</u>	<u>\$ 296</u>	<u>\$ 919</u>	<u>\$ 617</u>
Total cash outflow for leases	(<u>\$ 2,720</u>)	(<u>\$ 3,042</u>)	(<u>\$ 5,629</u>)	(<u>\$ 5,396</u>)

14. INVESTMENT PROPERTIES

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 34,385	\$ 34,385	\$ 34,385
Buildings	<u>26,192</u>	<u>26,532</u>	<u>26,902</u>
	<u>\$ 60,577</u>	<u>\$ 60,917</u>	<u>\$ 61,287</u>

Except for the recognized depreciation, there was no significant purchase, disposal or impairment of the Group's investment properties for the six months ended June 30, 2024 and 2023.

Depreciation expenses are recognized according to depreciation methods and useful life as follow:

	<u>Depreciation method</u>	<u>Useful life</u>
Primary building	Straight-line basis	50 years
Air conditioning systems and renovation	Fixed-percentage-on-declining-base	5-15 years

The fair value of investment properties held by the Group were \$258,291 thousand and \$257,212 thousand as of December 31, 2023 and 2022. The Group's management evaluated and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of June 30, 2024.

All investment properties of the Group are owned right and interest.

15. BORROWINGS

a. Short-term borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Unsecured loans	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>

As of December 31, 2023 and June 30, 2023, the annual interest rates of bank unsecured loans are 2.08% and 2.14%, respectively.

b. Short-term bills payable(June 30, 2024 : None)

December 31, 2023

<u>Guarantor / accepting institution</u>	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate</u>
<u>Commercial paper</u>				
Ta Ching Bill	<u>\$ 50,000</u>	<u>\$ 63</u>	<u>\$ 49,937</u>	1.83%

June 30, 2023

<u>Guarantor / accepting institution</u>	<u>Face value</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate</u>
<u>Commercial paper payable</u>				
Ta Ching Bill	<u>\$ 60,000</u>	<u>\$ 92</u>	<u>\$ 59,908</u>	1.86%

16. OTHER LIABILITIES

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Salaries and bonus payable	\$ 82,551	\$ 52,342	\$ 80,125
Dividends payable	55,969	-	41,976
Payable for receipts under custody	20,358	40,836	8,571
Accrued annual leave payable	12,992	14,756	13,633
Insurance payable	5,095	6,268	5,877
Others	<u>17,067</u>	<u>43,182</u>	<u>18,519</u>
	<u>\$ 194,032</u>	<u>\$ 157,384</u>	<u>\$ 168,701</u>

17. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined person cost discount rate as of December 31, 2023 and 2022. For the three months and the six months ended June 30, 2024 and 2023, the Group recognized \$0 thousand, \$77 thousand, \$0 thousand and \$154 thousand, respectively.

18. EQUITY

a. Common shares

	June 30, 2024	December 31, 2023	June 30, 2023
Number of shares			
authorized (in thousand)	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>
Shares authorized	<u>\$ 1,070,000</u>	<u>\$ 1,070,000</u>	<u>\$ 1,070,000</u>
Number of shares issued			
and fully paid (in			
thousand)	<u>69,961</u>	<u>69,961</u>	<u>69,961</u>
Shares capital	<u>\$ 699,612</u>	<u>\$ 699,612</u>	<u>\$ 699,612</u>

b. Capital surplus

	June 30, 2024	December 31, 2023	June 30, 2023
Arising from issuance of			
common shares	\$ 37,105	\$ 37,105	\$ 37,105
Arising from treasury			
share transactions	<u>25,256</u>	<u>25,256</u>	<u>25,256</u>
	<u>\$ 62,361</u>	<u>\$ 62,361</u>	<u>\$ 62,361</u>

Capital surplus generated from the excess of the issue price over the par value of capital stock(including the issuance of common stock and treasury share transactions above face value, etc.), may used to offset a deficit, in addition, when the Company have no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital , however, when capital is allocated, it is limited to a certain percentage of the Company's capital surplus and once a year.

c. Retained earnings and dividend policy

The Company's Articles of Incorporation provide that appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws and regulations. Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board of Directors for approval at a stockholders' meeting. For the policies on distribution compensation of employees, please refer to Note 20(f).

The Company is currently in the growth phase of its industry life cycle, and in order to consider the future funding needs of the Company and meet the needs of shareholders for cash inflows, if there are undistributed profits after the annual settlement, not less than 60% of the net income shall be distributed as dividends to shareholders, of which cash dividends shall not exceed 50% of the total cash and stock dividends paid out during the year. However, when the earnings per share for the year are less than NT\$ 3, the proportion of cash dividends paid out may be increased to a maximum of 100%.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

According to the regulations on special reserve allocation, the Company has in accordance with "First-time Adoption of International Financial Reporting Standards" set aside amount to special reserve. If the amount of special reserves already allocated differs from the net amount of other equity reductions, the company should make additional allocations to special reserves to cover the difference. Any subsequent reversals of other equity reductions can be as undistributed retained earnings.

The appropriation of earnings for 2023 and 2022, which was resolved by the Company's shareholders' meeting on June 18, 2024 and June 19, 2023, was as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 7,770	\$ 7,090		
Special reserve	202	(6,411)		
Cash dividends	55,969	41,976	\$ 0.8	\$ 0.6

19. REVENUE

a. Contract balances

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Accounts receivables (Note 8)	<u>\$ 208,381</u>	<u>\$ 195,690</u>	<u>\$ 323,681</u>	<u>\$ 365,171</u>
Contract assets	<u>\$ 653,664</u>	<u>\$ 569,544</u>	<u>\$ 683,325</u>	<u>\$ 636,433</u>
Contract liability	<u>\$ 76,260</u>	<u>\$ 89,596</u>	<u>\$ 58,586</u>	<u>\$ 94,447</u>

The Group measures the loss allowance for contract assets at an amount equal to lifetime ECLs. The contract assets will be transferred to accounts receivable when the corresponding invoice is billed to the client, and the contract assets have substantially the same risk as the trade receivables. Therefore, the Group concluded that the expected loss rates for trade receivables can be applied to the contract assets.

	June 30, 2024	December 31, 2023	June 30, 2023
Gross carrying amount	\$ 653,664	\$ 569,544	\$ 683,325
Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 653,664</u>	<u>\$ 569,544</u>	<u>\$ 683,325</u>

b. Revenue from contracts with customers

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
<u>Type of products or services</u>				
Revenue from the sale of goods and system integration	\$ 431,857	\$ 621,428	\$ 816,437	\$ 966,802
Revenue from rendering of services	<u>164,331</u>	<u>156,409</u>	<u>279,563</u>	<u>300,203</u>
	<u>\$ 596,188</u>	<u>\$ 777,837</u>	<u>\$ 1,096,000</u>	<u>\$ 1,267,005</u>

20. NET INCOME

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Net foreign exchange gains(losses)	\$ 151	\$ 38	\$ 335	(\$ 145)
Gain on disposal of property, plant and equipment	-	-	-	446
Others	(<u>1,843</u>)	(<u>9</u>)	(<u>1,843</u>)	(<u>38</u>)
	(<u>\$ 1,692</u>)	<u>\$ 29</u>	(<u>\$ 1,508</u>)	<u>\$ 263</u>

b. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Bank deposits	\$ 1,340	\$ 814	\$ 2,369	\$ 1,362
Debt instrument at FVTOCI	-	1	-	22
Others	<u>185</u>	<u>133</u>	<u>493</u>	<u>484</u>
	<u>\$ 1,525</u>	<u>\$ 948</u>	<u>\$ 2,862</u>	<u>\$ 1,868</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Interest expense on lease liabilities	\$ 33	\$ 35	\$ 73	\$ 70
Interest expense on bank loans	<u>370</u>	<u>1,067</u>	<u>719</u>	<u>2,288</u>
	<u>\$ 403</u>	<u>\$ 1,102</u>	<u>\$ 792</u>	<u>\$ 2,358</u>

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Property, plant and equipment	\$ 1,307	\$ 1,625	\$ 2,502	\$ 3,208
Right-of-use assets	2,313	2,084	4,626	4,084
Investment property	167	204	340	414
Other intangible assets	<u>530</u>	<u>226</u>	<u>1,054</u>	<u>464</u>
Total	<u>\$ 4,317</u>	<u>\$ 4,139</u>	<u>\$ 8,522</u>	<u>\$ 8,170</u>
An analysis of depreciation by function				
Operating costs	\$ 2,236	\$ 1,974	\$ 4,348	\$ 3,895
Operating expenses	<u>1,551</u>	<u>1,939</u>	<u>3,120</u>	<u>3,811</u>
	<u>\$ 3,787</u>	<u>\$ 3,913</u>	<u>\$ 7,468</u>	<u>\$ 7,706</u>
An analysis of amortization by function				
Operating costs	\$ 96	\$ 14	\$ 113	\$ 24
Selling expenses	186	-	372	-
Administrative expenses	<u>248</u>	<u>212</u>	<u>569</u>	<u>440</u>
	<u>\$ 530</u>	<u>\$ 226</u>	<u>\$ 1,054</u>	<u>\$ 464</u>

e. Employee benefits expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits				
Salary	\$ 81,520	\$ 87,044	\$ 165,474	\$ 164,680
Labor and health insurance	6,839	7,385	14,355	15,489
Others	<u>3,911</u>	<u>4,888</u>	<u>7,441</u>	<u>8,389</u>
	<u>92,270</u>	<u>99,317</u>	<u>187,270</u>	<u>188,558</u>
Post-employment benefits				
Defined contribution plans	3,501	3,761	7,089	7,396
Defined benefit plans (Note 17)	<u>-</u>	<u>(77)</u>	<u>-</u>	<u>(154)</u>
	<u>3,501</u>	<u>3,684</u>	<u>7,089</u>	<u>7,242</u>
Total employee benefits expenses	<u>\$ 95,771</u>	<u>\$ 103,001</u>	<u>\$ 194,359</u>	<u>\$ 195,800</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 58,595	\$ 60,436	\$ 120,838	\$ 116,582
Operating expenses	<u>37,176</u>	<u>42,565</u>	<u>73,521</u>	<u>79,218</u>
	<u>\$ 95,771</u>	<u>\$ 103,001</u>	<u>\$ 194,359</u>	<u>\$ 195,800</u>

f. Compensation of employees

According to the Company's articles of incorporation, the Company do not have to accrue remuneration of directors. The compensation of employees is accrued at the rate of 6% of net profit before income tax. For the three months and the six months ended June 30, 2024 and 2023, The estimate of compensation of employees were as follows:

Compensation of employees

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Estimate Rate			6%	6%
Amount	<u>\$ 1,031</u>	<u>\$ 2,001</u>	<u>\$ 2,365</u>	<u>\$ 2,880</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

The compensation of employees for the years ended December 31, 2023 and 2022, which were resolved by the Company's board of directors on March 14, 2024 and March 24, 2023, respectively, are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Cash</u>	<u>Estimate Rate (%)</u>	<u>Cash</u>	<u>Estimate Rate (%)</u>
Compensation of employees	<u>\$ 5,680</u>	6	<u>\$ 4,611</u>	6

There is no difference between the actual amounts of employees' compensation paid and amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax				
In respect of the period	\$ 3,947	\$ 7,087	\$ 8,495	\$ 10,227
Income tax on unappropriated earnings	688	1,484	688	1,484
Prior years' adjustments	<u>-</u>	<u>(40)</u>	<u>-</u>	<u>(40)</u>
	<u>4,635</u>	<u>8,531</u>	<u>9,183</u>	<u>11,671</u>

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Deferred tax				
In respect of the period	(<u>540</u>)	<u>48</u>	(<u>435</u>)	<u>24</u>
Income tax expense recognized in profit or loss	<u>\$ 4,095</u>	<u>\$ 8,579</u>	<u>\$ 8,748</u>	<u>\$ 11,695</u>

b. Income tax recognized in other comprehensive income(loss)

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Current deferred tax</u>				
Unrealized gain (loss) on financial assets at FVTOCI	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

c. Income tax examinations

Income tax returns of the Company and its subsidiary have been assessed by the tax authorities were as follows:

<u>Company</u>	<u>Year</u>
The Company	2021
FTSC	2022

22. EARNINGS PER SHARE

The earnings and weighted average number of common shares used for calculation of earnings per share were as follows:

Net income

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Earnings used for calculation of basic and diluted earnings per share	<u>\$ 13,194</u>	<u>\$ 27,522</u>	<u>\$ 32,109</u>	<u>\$ 40,181</u>

Shares (in thousands)

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Weighted average number of common shares used for calculation of basic earnings per share	69,961	69,961	69,961	69,961
Effect of potentially dilutive common shares:				
Employees' compensation	<u>88</u>	<u>68</u>	<u>169</u>	<u>150</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>70,049</u>	<u>70,029</u>	<u>70,130</u>	<u>70,111</u>

If the Group offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of equity of the Group (comprising issued capital, reserves, retained earnings, and other equity).

The Group is not subject to any other external capital requirements.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Company considers that the carrying amount of financial assets and financial liabilities, which are not measured at fair value, is close to their fair value.

b. Category of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Amortized cost (Note 1)	\$ 646,852	\$ 836,897	\$ 766,174
<u>Financial liabilities</u>			
Amortized cost (Note 2)	559,463	635,012	712,778

Note 1: The balance includes financial assets measured at amortized cost, which comprise cash and cash equivalents, time deposit, note receivables, account receivables (including noncurrent), other receivables, and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost which comprise short-term loans and bills payables, note payables, accounts payables, other payables and guarantee deposits.

c. Financial risk management objectives and policies

The main financial instruments of the Group include debt instrument investments, notes and account receivables, notes and account payables, loans, and lease liabilities. The financial management department of the Group provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

(a) Foreign currency risk

The Group had foreign financial instrument investments, which exposed the Group to exchange rate risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities of non-functional currency calculated (including those eliminated on consolidation) at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Group was mainly exposed to USD and RMB fluctuations.

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars and the Hong Kong dollars (the functional currency) against the relevant foreign currencies 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis related to foreign currency exchange rate risk mainly focuses on the calculation of foreign currency monetary items as of the reporting period end date.

	USD Impact		RMB Impact	
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Profit or loss	\$ 71	\$ 238	\$ 79	\$ 64

(b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. The Group regularly assesses its hedging activities to ensure they align with interest rate views and established risk preferences, in order to ensure the use of the most cost-effective hedging strategies.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
— Financial assets	\$ 137,174	\$ 279,697	\$ 149,360
— Financial liabilities	8,604	93,176	103,584
Cash flow interest rate risk			
— Financial assets	66,960	43,603	42,711

Sensitivity analysis

If interest rates had been 5% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2024 and 2023 would decrease/increase by \$1,674 thousands and \$1,068 thousands, respectively.

(2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting years, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- (a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets

(b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The policy that the Group adopts is to only make transactions with reputable targets, and the Group will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

To lower the credit risk, management of the merged company appoints a specific team to handle decisions on credit limits, credit approval and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Group would review the recoverable amount of each receivables on the consolidated balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Group's management concludes that the credit risk of the Group is significantly reduced.

The Group continuously evaluates the financial condition of accounts receivable customers and will purchase credit insurance contracts if necessary.

The Group does not hold any collateral or other credit enhancement instruments to mitigate credit risk of financial assets.

(3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

As of June 30, 2024, and December 31, 2023, and June 30, 2023, the Group had available unutilized bank loan facilities set out in (b) below.

a. Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the maturity analysis of non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

June 30, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 year
<u>Non-derivative</u> <u>financial liabilities</u>				
Non-interest bearing	\$ 162,780	\$ 89,529	\$ 303,412	\$ 3,341
Lease liabilities	676	1,353	3,288	3,406
	<u>\$ 163,456</u>	<u>\$ 90,882</u>	<u>\$ 306,700</u>	<u>\$ 6,747</u>

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative</u> <u>financial liabilities</u>				
Non-interest bearing	\$ 235,616	\$ 114,040	\$ 198,757	\$ 3,195
Lease liabilities	784	1,570	6,414	4,664
Fixed interest rate instrument	50,052	104	30,148	-
	<u>\$ 286,452</u>	<u>\$ 115,714</u>	<u>\$ 235,319</u>	<u>\$ 7,859</u>

June 30, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative</u> <u>financial liabilities</u>				
Non-interest bearing	\$ 220,930	\$ 177,202	\$ 220,718	\$ 3,227
Lease liabilities	719	1,439	6,173	5,492
Fixed interest rate instrument	60,004	-	30,429	-
	<u>\$ 281,653</u>	<u>\$ 178,641</u>	<u>\$ 257,320</u>	<u>\$ 8,719</u>

The operating capital of the Group is sufficient to support its operations, and therefore there is no concern of a shortage of funds.

b. Financing facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank facilities			
— Amount used	\$ 85,371	\$ 148,370	\$ 147,406
— Amount unused	540,089	603,276	699,298
	<u>\$ 625,460</u>	<u>\$ 751,646</u>	<u>\$ 846,704</u>

25. RELATED-PARTY TRANSACTIONS

The ultimate parent company of the Company is Good Idea Global Limited. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
CECGP Electronics Corp. (CECGP)	Investor with significant influence over the Group
Fullcourt Sports Ltd. (Fullcourt Sports)	Brother corporation

b. Operating revenue

Account Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Operating revenue	Investor with significant influence over the Group	\$ 4,570	\$ 409	\$ 5,208	\$ 645
	Brother corporation	257	-	686	-
		<u>\$ 4,827</u>	<u>\$ 409</u>	<u>\$ 5,894</u>	<u>\$ 645</u>

The terms of the transactions with related parties were not significantly different from those with unrelated parties.

c. Contract assets

Account Items	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Contract assets	Investor with significant influence over the Group	\$ 4,533	\$ 58	\$ -

The Group did not recognize allowance loss for the contract assets from related parties for the six months ended June 30, 2024 and 2023.

d. Receivables from related parties

Account Items	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	Investor with significant influence over the Group	\$ 219	\$ 178	\$ 626

The Group did not obtain guarantees for receivables from related parties. The Group did not recognize allowance loss for receivables from related parties for the six months ended June 30, 2024 and 2023.

e. Contract liabilities

Account Items	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Contract liabilities	Brother corporation	<u>\$ 667</u>	<u>\$ -</u>	<u>\$ -</u>

f. Lease agreements

Account Items	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Lease liabilities	Investor with significant influence over the Group	<u>\$ 2,796</u>	<u>\$ 5,580</u>	<u>\$ 8,351</u>

Account Items	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2024	2023	2024	2023
Interest expenses	Investor with significant influence over the Group	<u>\$ 7</u>	<u>\$ 20</u>	<u>\$ 17</u>	<u>\$ 42</u>
Lease expenses	Investor with significant influence over the Group	<u>\$ 8</u>	<u>\$ 19</u>	<u>\$ 23</u>	<u>\$ 57</u>

The Company pays building rental to related parties once a month or every two months, with reference to local rental rates.

g. Endorsements/guarantees provided

The amount that the Company provides endorsements/guarantees for its subsidiary is as follow:

	June 30, 2024	December 31, 2023	June 30, 2023
FTSC	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>

h. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 5,502	\$ 7,180	\$ 10,707	\$ 14,559
Post-employment benefits	<u>101</u>	<u>176</u>	<u>202</u>	<u>352</u>
	<u>\$ 5,603</u>	<u>\$ 7,356</u>	<u>\$ 10,909</u>	<u>\$ 14,911</u>

The compensation of the board members and the Group's management is determined by the remuneration committee based on personal performances and market conditions.

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

End of the reporting period, the amount of the guarantee issued through financial institutions by the Group are as follow:

	June 30, 2024	December 31, 2023	June 30, 2023
Financial institution guarantee	<u>\$ 85,371</u>	<u>\$ 68,370</u>	<u>\$ 57,406</u>

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

June 30, 2024			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 12	32.45 (USD : NTD)	\$ 389
USD	32	7.81 (USD : HKD)	1,038
RMB	356	4.45 (RMB : NTD)	1,582
RMB	1	1.07 (RMB : HKD)	4
			<u>\$ 3,013</u>

December 31, 2023			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 115	30.71 (USD : NTD)	\$ 3,531
USD	32	7.82 (USD : HKD)	983
RMB	299	4.33 (RMB : NTD)	1,294
RMB	1	1.10 (RMB : HKD)	4
			<u>\$ 5,812</u>

June 30, 2023			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 101	31.14 (USD : NTD)	\$ 3,145
USD	52	7.84 (USD : HKD)	1,619
RMB	299	4.28 (RMB : NTD)	1,280
RMB	1	1.08 (RMB : HKD)	4
			<u>\$ 6,048</u>

The Group is mainly exposed to the USD. The following information was summarized according to the foreign currencies other than the functional currency of the Company. The exchange rates disclosed were used to translate the foreign currencies into the functional currency. The significant (realized and unrealized) financial assets and liabilities denominated in foreign currencies were as follows:

For the Three Months Ended June 30					
Functional Currency	2024		2023		
	Functional currency to presentation currency	Net exchange gains or losses	Functional currency to presentation currency	Net exchange gains or losses	
NTD	1 (NTD : NTD)	\$ 155	1 (NTD : NTD)	\$ 53	
HKD	4.14 (HKD : NTD)	(4)	3.75 (HKD : NTD)	(15)	
		<u>\$ 151</u>		<u>\$ 38</u>	
For the Six Months Ended June 30					
Functional Currency	2024		2023		
	Functional currency to presentation currency	Net exchange gains or losses	Functional currency to presentation currency	Net exchange gains or losses	
NTD	1 (NTD : NTD)	\$ 353	1 (NTD : NTD)	(\$ 123)	
HKD	4.08 (HKD : NTD)	(18)	3.67 (HKD : NTD)	(22)	
		<u>\$ 335</u>		<u>(\$ 145)</u>	

28. ADDITIONAL DISCLOSURES

a. Information on significant transactions

- (1) Financings provided: Table 1.
- (2) Endorsement/guarantee provided: Table 2.
- (3) Marketable securities held (excluding investments in subsidiaries): None.
- (4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- (8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Trading in derivative instruments: None.
- (10) Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 3.

b. Information on investees: Table 4.

c. Information on investments in mainland China

- (1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: None.
- (2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, and unrealized gain or loss: None
- d. Information of major stockholders: The name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or great: Table 5.

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments were the operating segments of the Company and other operations.

a. Segment revenue and operating results

	Segment revenue		Segment profit or loss	
	For the Six Months Ended June 30			
	2024	2023	2024	2023
Reportable segments				
FIS operation	\$ 1,073,423	\$ 1,240,109	\$ 33,729	\$ 44,223
Other operations	40,061	41,879	(1,254)	2,187
Elimination of inter-segment revenue	(<u>17,484</u>)	(<u>14,983</u>)	<u>1,019</u>	<u>1,042</u>
Total of reportable segments	<u>\$ 1,096,000</u>	<u>\$ 1,267,005</u>	33,494	47,452
Non-operating income and expenses			<u>7,363</u>	<u>4,424</u>
Net profit before tax			\$ 40,857	\$ 51,876

Transactions between segments are priced based on market prices.

Segment profit referred to the profit before income tax earned by each segment excluding non-operating income and expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision maker. Therefore, there is no need to disclose the measurement amounts of those assets and liabilities.

Table 1

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts in Thousands of New Taiwan Dollars)

No (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 4)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)	Note
													Item	Value			
0	The Company	FTSC	Other receivables	Yes	\$ 300,000	\$ 300,000	\$ -	The interest on funds lent shall be calculated on a daily basis and shall not be lower than the Company's cost of funds on the day of the loan.	2	\$ -	Operating capital	\$ -	—	\$ -	\$ 364,184	\$ 364,184	

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’
- (2) The subsidiaries are numbered in order starting from ‘1’

Note 2 : The maximum balance of funds lent to others during the year, in response to the funding needs of its subsidiaries, FTSC, the Company intends to lend up to NT\$300,000 thousands respectively, and such loans may be made in installments.

Note 3 : In accordance with the Company’s policy, limit on total loans shall not exceed 30% of the Company’s net assets based on the latest financial statements, and limit on loans to its subsidiaries shall not exceed 30% of the limit on total loans. Limit on loans to others shall not exceed 10% of the limit on total loans.

Note 4 : Nature for Financing:

- (1) Business dealings.
- (2) Short-term financing needs.

Table 2

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts in Thousands of New Taiwan Dollars)

No (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	The Company	FTSC	2	\$ 606,973	\$ 300,000	\$ 300,000	\$ -	\$ -	24.71	\$ 1,213,946	Y	N	N

Note1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’
- (2) The subsidiaries are numbered in order starting from ‘1’

Note2 : Nature for endorsement/ guarantee provided:

- (1) Business dealings.
- (2) Companies with direct and indirect ownership of voting shares exceeding 50%. °

Note 3 : In accordance with the Company’s policy, limit on endorsement/ guarantee provided to a single party shall not exceed 50% of the Company’s net assets based on the latest financial statements, and limit on total endorsement/ guarantee provided shall not exceed 100% of the Company’s net assets based on the latest financial statements.

Table 3

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts in Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statements Item	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenue or Total Assets
0	The Company	FTSC	1	Sales revenue	\$ 10	Note 2	-
			1	Service revenue	5,922	Note 2	1%
			1	Other revenue	1,039	Note 2	-
			1	Cost of goods sold	1,808	Note 2	-
			1	Service cost	3,842	Note 2	-
			1	Accounts receivable	8,324	Note 2	-
			1	Other receivables	2,626	Note 2	-
			1	Accounts payable	1,518	Note 2	-
			1	Other payables	1,854	Note 2	-
			1	Contract liabilities	8	Note 2	-
			1	Logistic service revenue (recognized as deduction of costs and expenses)	15,062		1%
1	HK FIS	SBAS	3	Service revenue	4,847	Note 2	-
			3	Cost of goods sold	1,055	Note 2	-

Note1 : (1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Between subsidiaries.

Note2 : The terms of the transactions with related parties are generally the same as those for unrelated parties.

Note3 : All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Table 4

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2024
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2024			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				June 30, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
The Company	HK FIS	Hong Kong	Information	\$ 38,484	\$ 38,484	8,426,000	100%	\$ 60,225	(\$ 818)	(\$ 818)	Subsidiary
	SBAS	Hong Kong	Information	1,452	1,452	20,000	100%	17,083	1,342	1,342	Subsidiary
	FTSC	Taipei	Information Service	400,000	400,000	43,700,000	100%	458,629	15,096	15,100	Subsidiary

Note 1 : All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Note 2 : Except FTSC, the financial statements of other non-significant subsidiaries have not been reviewed.

Table 5

FORTUNE INFORMATION SYSTEMS CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS
FOR THE SIX MONTHS ENDED JUNE 30, 2024

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Standard Plastics LTD.	18,628,327	26.62%
CECGP Electronics Corp.	17,276,954	24.69%

Note 1: The table discloses the information of major stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.