Stock Code: 2480

Stark Technology Inc.
敦陽科技股份有限公司

For the year ended December 31, 2023

Annual Report

Published on March 31, 2024

Annual report available on: http://mops.twse.com.tw

I. Name, Title, Telephone and Email of the Spokesperson and Deputy Spokesperson of the Company

Name of Spokesperson: Chu, Jui-Hua
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Title: Vice President, Business Market Group
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II. Address and Telephone of the Company

Unit	Address	Telephone
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Taipei Office	10F., No. 475, Sec. 2, Tiding Blvd., Taipei City	02-27993839
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Taichung Office	19F.-5, No. 213, Chaofu Rd., Xitun Dist., Taichung City	04-27085336
Chiayi Office	7F., No. 381, Wufeng N. Rd., Chiayi City	05-2769288
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III. Name, address, website and telephone of stock transfer agency

Name: Yuanta Securities Co., Ltd. Registrar and Transfer Agency Dept.
B1F., No. 210, Sec. 3, Chengde Rd., Taipei City
Website: http://agent.yuanta.com.tw
Telephone: 02-25865859

IV. Name of CPA and the name, address, website and contact number of the accounting firm for the latest financial report

Name of CPA: CPA Hsu, Hsin-Min and Cheng, Ching-Piao
CPA Firm: Ernst & Young
9F., No. 333, Sec. 1, Keelung Rd., Taipei City
Website: www.ey.com/tw
Telephone: 02-27578888

V. Trading venue of overseas marketable securities listed for trading and method of searching overseas marketable securities information:

Not applicable.

VI. Website: www.sti.com.tw

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One. Letter to Shareholders

Dear Shareholders,

First, we would like to thank all shareholders for their long-term support. Stark Technology, Inc. focuses on stable business operations in our core industries, accumulating years of experience in both software and hardware projects related to major industries. We are actively developing business opportunities in specialized fields and cooperating with expert manufacturers in various sectors to maintain our core competitiveness. We provide customers with satisfactory products, services, and solutions. While pursuing operational growth, the company also continues to implement sustainable corporate development measures. In 2023, Stark Technology, Inc. saw growth in revenue and profits, with consolidated operating revenue of NT$7.271 billion and an EPS of NT$7.36. The report on the business position of 2023 and the business plan for the current year is as follows:

I. 2023 Annual business report

(I) Business plan implementation results

1. Consolidated

For the fiscal year 2023, the consolidated net operating revenue of our company was NT$7.271 billion, an increase of 8.05% from NT$6.729 billion in 2022; the consolidated net profit for 2023 was NT$783.241 million, up 6.54% from NT$735.171 million in 2022, with an earnings per share after taxes of NT$7.36.

Unit: NTD thousand

Item	2023	2022	Increase (decrease) amount	Change ratio %
Operating revenue	7,270,862	6,728,995	541,867	8.05%
Operating cost	5,484,495	4,994,017	490,478	9.82%
Operating margin	1,786,367	1,734,978	51,389	2.96%
Operating income	863,681	803,612	60,069	7.47%
Non-operating income and expenses	108,866	105,698	3,168	3.00%
Income before income tax	972,547	909,310	63,237	6.95%
Net income	783,241	735,171	48,070	6.54%

2. Parent Company Only

For the fiscal year 2023, the company's net operating revenue was NT$5.906 billion, an increase of 1.91% from NT$5.795 billion in 2022; the net profit for 2023 was NT$783,241 thousand, up 6.54% from NT$735,171 thousand in 2022, with an earnings per share after taxes of NT$7.36.

Unit: NTD thousand

Item	2023	2022	Increase (decrease) amount	Change ratio %
Operating revenue	5,905,815	5,794,860	110,955	1.91%
Operating cost	4,313,908	4,289,958	23,950	0.56%
Operating margin	1,591,907	1,504,902	87,005	5.78%
Operating income	768,125	679,965	88,160	12.97%
Non-operating income and expenses	168,109	201,407	(33,298)	(16.53%)
Income before income tax	936,234	881,372	54,862	6.22%
Net income	783,241	735,171	48,070	6.54%

(II) Status of budget implementation: The Company did not release its financial projection for 2023. Thus, it is not applicable.

(III) Financial income, expenditure, and profitability analysis

1. Consolidated

Unit: NTD thousand

Analysis	Item	2023	2022
Financial income and expenditure	Interest income	16,619	13,382
	Interest expense	2,497	1,714
Profitability	Return on assets (%)	11.92	11.98
	Return on equity (%)	24.49	23.93
	Net profit before tax to paid-in capital ratio (%)	91.44	85.49
	Net profit rate (%)	10.77	10.93
	Earnings per share (NTD)	7.36	6.91

2. Parent Company Only

Unit: NTD thousand

Analysis	Item	2023	2022
Financial income and expenditure	Interest income	8,850	6,957
	Interest expense	2,470	1,658
Profitability	Return on assets (%)	12.68	13.06
	Return on equity (%)	24.49	23.93
	Net profit before tax to paid-in capital ratio (%)	88.02	82.87
	Net profit rate (%)	13.26	12.69
	Earnings per share (NTD)	7.36	6.91

(IV) R&D Status

Up till today, the hardware computing capabilities continue to advance and boost developments whether in mobile device application developments, the number of connections to Internet-of-Things, and its applications in various industries. The rapid growth of big data and the utilization of data mining and AI calculation has led to innovation put into practice, cloud computing becomes universal and the containerization of software development, responding to factory automation of Industry 4.0. All types of business and industry can develop innovative applications and increase business opportunities. The commercialization of 5G has further enhanced the competitiveness of the industry in application innovation. The Company has for many years continued its professional technological research and development and application software research and development which have won good reviews from customers. Concurrently, the technology team has researched and developed, and designed suitable structure and various services for the IT, CT, OT and cloud computing platforms with the industry knowledge that they have learned from their development experiences for customers' projects. The focus for this year is continuous new product research, and development of new functions for existing products. Some of the Company's key R&D are as follows:

1. Manufacturing business

   Create an agile AI application development framework.

2. Telecommunications business

   Application and research of fiber optic cable information management and optical transmission over All Optical Network (AON) .

3. Financial Services Business

   Leveraging suspicious transaction investigation techniques from bank anti-money laundering efforts to develop an artificial intelligence-assisted risk grading mechanism for suspicious transactions.

4. All sectors:

   (1) Development of an IT information security scoring system.

   (2) Development and practice of EAR ZT zero trust security interconnection technology platform.

II. Summary of Business Plan 2024

(I) Business Policy

1. To cope with the enormous amount of data easily generated by various cloud services and smart mobile devices applications, the AI application model for different fields is constructed from the diverse and huge amount of data analytical applications for different industries and the utilization of deep learning algorithm that has gradually become more mature over the years. We will propose industry-specific solutions based on our company's experience in high-tech manufacturing, telecommunications, financial services, and retail. These solutions will focus on big data analytics, GenAI, and deep learning applications,

including consulting, platforms, analytical tools (automated modeling), and collaborative services with specialized AI software providers.

2. Promote cross-industry alliance

The application software and hardware of the cloud services are mostly based on shared mechanism. This is supportive in reaching the goal of energy saving and carbon reduction which further reduces costs. Therefore, cross-industry alliance will be one of the success factor for cloud services on the condition of finding a suitable business model for the cross-industry alliance. The Company is preparing to promote cross-industry alliance and to develop a suitable business model to realize a profit model based on an added-value chain (such as jointly construct a B2C service operation model for O2O - Virtual/physical mall with shopping media, physical stores and logistics). Additionally, various telecommunications companies began the deployment of 5G infrastructure in 2020. Our company continues to provide backbone OTN expansions necessary for 4G/5G and strives to capture business opportunities from Small Cell base station installations required after the completion of the 5G backbone construction in the six major metropolitan areas. We are also simultaneously collaborating with telecommunications companies to plan and provide IT services for their customers, such as the recently introduced all-optical network transmission protocol, which, combined with STARK TECHNOLOGY, INC.'s expertise in data center technologies, offers customers a cross-regional high-availability architecture (Remote HA) setup.

3. Expansion of software integration, cloud and ground integration, and managed security services.

Cloud services facilitate the expansion of business applications and technical services coverage, including e-commerce platforms (store management, integrated order management, personalized customer management, customer browsing behavior tracking analysis, operational data dashboards), AI digital transformation (providing customer data platforms, business intelligence data analysis, enterprise collaboration and productivity applications, video streaming, AI photo editing services), AI marketing interaction platforms, AI data science platforms, AI robotics applications, GenAI industry applications, microservices (container) development management platforms, cloud and ground integration, and managed security services (MDR, CDR, NDR) will be a focus of our company's operations.

4. Promoting Next Generation Data Center (NGDC)

Businesses are receiving sufficient support in the handling of different types of data as the software and hardware of information technology evolve. Concurrently, it gradually increases the complexity of data center and unfolds the never before seen challenges in management. Examples are: Computing environment includes standalone/cluster, virtual machine/cluster, microservices@container, data processing includes WebService@CPU, DataAntlytics@CPU/GPU, HPC/DL/ML@CPU/GPU. The control and management of data center has also extended to the linked external cloud service data center. All of the above shows the rigorous challenges faced by the Next Generation Data Center (NGDC). The NGDC management structure needs to be able to concurrently manage and allocate the standalone machine, virtualization, container, and so on control system resources, supporting enormous data mining, machine learning, deep learning and general IT application execution for the CPU or GPU computing resources. At the same time, it has to possess flexibility in cloud service interface and quantify information system resource utilization ratio, and more functions.

5. Expand application software developments of core businesses
   The Company's core businesses are: Large IT integration projects across sectors in manufacturing, finance, telecommunications, government institution, and education and research units. We have already developed application software in these core businesses (such as, ERP, MES, PLM, AML, CEM). In the future, we will continue to expand developing more types of application software and services for the customers. Simultaneously, in coping with huge demands for innovative services, such as, 5G/AI/IoT/edge computing, the Company is planning to join hands with specialized manufacturers in various fields to provide a more diverse and complete service for the customers.

6. The telecommunication sector is providing quicker data services and wider bandwidth usage. In recent period within ten years time, the entire mobile industry has officially entered into the Big Data era developing machine learning and artificial intelligence. The Company has been coping with this trend early on in the previous few years, began big data related application R&D and establishment. Related indicator projects include the major telecommunications operators' Big Data Solution to conduct customer core system availability data collection and statistical analysis. This leads to the increase in the overall core system availability, accelerating various trouble repair and system effectiveness planning. It also utilizes Data Analysis Expression. It is hoped to achieve the various recommended mechanism of Omni Channel. Additionally, various telecommunications companies have begun deploying 5G infrastructure since 2020. Our company continues to provide the necessary backbone OTN expansions for 4G/5G and seeks business opportunities for Small Cell base station installations required after the completion of the 5G backbone construction in the six major metropolitan areas. We are also concurrently collaborating with telecommunications companies to plan and provide IT services to their customers, such as the all-optical network transmission protocol recently introduced in the telecom industry, which can be integrated with Stark Technology, Inc.'s professional data center capabilities to provide customers with a cross-regional high-availability architecture (Remote HA) setup.

7. The great leap in transmission technology has rapidly propelled the development of the Internet of Things (IoT). Various business models built on IoT infrastructure are being proposed and tested for market acceptance, alongside developments such as edge IoT, ongoing regulation and control of IoT, and the gradual proliferation of 5G IoT ~~,~~Research by the Industrial Technology Research Institute's International Division indicates that the global IoT market, which was USD 631.4 billion in 2017, surpassed USD 1 trillion for the first time in 2021, with Taiwan's IoT output officially exceeding NT$2 trillion in 2022. The Company utilizes its experiences accrued over the years in core IT technology and related software and hardware construction for different industries. It aggressively develops business opportunities relating to IoT application in professional fields.

(II) Expected sales volume and its basis and important production and sales policies

In December last year, with the efforts of all of our management and employees, the Company has completed the 2022 Business Plan:

- Government agencies: Government units are strengthening information security and continuously promoting digital transformation, cloud computing, the Internet of Things, innovation and entrepreneurship, and related plans. This includes network communications infrastructure (such as 5G private networks), mobile bandwidth services, e-commerce, smart logistics, smart healthcare, smart business, experimental fields, industry-academic cooperation, nurturing digital talents, and regulatory adjustments.
- Manufacturing: There are well-known domestic and foreign manufacturers driven by the trend of Industry 4.0 and successful cases of using big data and AI calculation to improve the yield of production lines. It is one of the important investment projects for the manufacturing industry to upgrade its competitiveness by introducing big data and AI analysis applications. In the field of AI (GPU Computing), in addition to the high-speed and parallel (CUDA) computation performed by the GPUs, how to deliver the data to the cluster of GPUs at higher speed is another field we invest in for construction. As more AI-related data require processing, the throughput is highly demanded, and the GPU cluster can be closer to the storage and file system access. This is a technology and current trend. However, the first investment into Industry 4.0 is to complete the introduction of factory automation. Big data will drive the growth of flash drives. The cooperation between domestic manufacturers and the international manufacturers is getting more and more frequent, and the security of information access and protection capability has also become an important indicator of the manufacturing industry. The impact of accessing such data through the network will also drive the specification replacement of network information security equipment. In addition, in response to the market application of big data, the manufacturing industry begins to develop IoT products vigorously, and automotive electronics will be an important part of this. According to the regulations governing automotive electronics, the data retention period in the manufacturing industry will be extended from 3 years to 15 years. This demand will accelerate the elimination of tape backup equipment and increase the growth of enterprise hard disks. In addition to the growth of data volume, the speed of data is also one of the focuses of big data. In recent years, under the protectionism and trade, technology wars, the trade or economic sanctions that have been imposed on enterprises and individuals due to disputes and conflicts of interest between countries, all B2B and B2C transactions must confirm whether the transaction counterparty is blacklisted. The Company made use of our experience in AML projects for over 50% of the financial service industries in Taiwan to research and develop the anti-fraud cloud

service for name checking. This service can assist many domestic and overseas manufacturers to meet the extended international regulations in conducting review of business partners and counterparties with a complete verification mechanism.

- Financial industry: The financial service industry is actively adopting Fintech, which will bring about many innovations and subversions, and allow enterprises to start using new technologies to compete. Therefore, the Regtech must exist at the same time for companies or organizations to confirm compliance issues. For example, the use of technologies such as smart analysis and machine learning can automatically identify the presence of a particular regulation. In particular, it is to detect new changes to the laws and regulations that cross disciplines helping companies adapt to these changes. According to the forecast of international business research organization, the RegTech Market is expected to grow and the compound annual growth rate would be 24.4% by 2025, from US$6.26 billion in 2020 to US$18.89 billion in 2025. Anti-money laundering and anti-fraud demands are the major growth. In particular, the demands for anti-fraud, the Bank has been fined nearly NT$ 200 million by the Financial Supervisory Commission for fraud involving customers in the most recent 5 years. In addition to the recent prevalence of online transactions, there is an endless stream of phishing SMS or website frauds. The FSC has also announced the 21 Commandments. However, traditional rule-based methods cannot detect frauds efficiently. They require a great deal of manpower to detect fraud, and increase the risk of being fined by the FSC, as well as the loss of reputation of the bank. The Company has been involved with bank customers for many years, and deeply understands the needs of customers. The Company has introduced Netguardians-Prevent fraud with smarter AI, a well-known Swiss anti-fraud software. Through 3D AI technology, it can detect the transaction activities of customers/employees/groups/the entire bank using Unsupervised Machine Leaning, and the Supervised Machine Learning uses various AI algorithms to distinguish abnormal but legitimate activities from fraudulent activities. Finally, using Adaptive Feedback so that the entire AI model can fully match the bank's transactions; coupled with the fastest and the latest big data software, including Elastic Search, Spark, Mesos, Kafka, and more, to greatly improve the efficiency of fraud detection, and quickly catch the fraudulent to reduce the burden on human resources and raise the bank's reputation. Currently, a well-known financial holding company in Taiwan has already implemented this system. We hope to become the best provider of financial crime prevention management system and continue to serve our customers! Financial institutions, particularly banks, from a consumer protection standpoint, have also started to implement anti-fraud systems using AI and big data to analyze customers' daily transaction behaviors and patterns. When there is an unusual change in a customer's account, the system immediately issues an alert to check for potential fraudulent activity.
- Telecom industry: Due to the increase in 5G OTN subscribers, capacity expansion continues as planned. The industry begins to build small cell bases in order to improve 5G signal coverage. With the explosive growth of smart mobile devices, the explosive growth of various mobile APPs, including data processing, multimedia applications, and APPs related to food, clothing, housing, transportation, education, and entertainment will also be expected. With the combination of individual customers of telecommunication companies, smart mobile devices, and mobile apps, a massive generation of data can be anticipated. Telecommunications companies must utilize this unique customer experience data~~,~~ inevitably requiring the implementation of a Customer Experience Management (CEM) analysis platform to enhance customer satisfaction and thereby increase opportunities for selling telecommunications products.

Applications developed by large developers, such as AR, VR, self-driving cars, and climate control, must be combined with the back-end cloud system through Mobile Edge Computing (MEC) built in telecommunication companies. Our company's telecommunications technology team will focus on the expansion of the backbone OTN network and the provision of 5G CPE and Small Cell functionalities for signal amplification across various venues. Applications that require ultra-low latency and fast response can be expected to be realized through 5G and edge computing. By then, there will be more innovative applications and other demands to flourish in various industries.

- Education and research: With the coming of the era of big data and the technology upgrade and application of big data cloud storage, the big data storage in various professional fields of various academic institutions will be different from the previous thinking framework, in which data storage, statistics, analysis, and prediction will become the direction that each academic and research unit will pursue and deploy in the future, not only to improve the overall quality of teaching and research, but also to further cultivate new professional talents. In the next few years, due to the government's strong promotion of AI deep learning application innovation, the "State Grid Cloud and Big Data Computing Facility Construction Project" led by the National Science and Technology Council will require the procurement of a large number of software and hardware equipment and systems related to AI deep learning computing. Relevant budgets will also be allocated for teaching and research units to execute academic and teaching-related projects, and Stark Technology will be able to act as a bridge between industry and academia. In terms of system infrastructure, while cloud infrastructure is gradually becoming saturated, the development of new solutions for microservices and containers will continue to grow, especially with cloud management mechanisms, moving towards the development of hybrid clouds. With the increasing demand for cloud-based mobile services, the related system monitoring and management will be developed towards mobile device APP. Due to the growing threat of information security and the extreme shortage of professional information security talents, academic and research units will consider network and information security remote monitoring and maintenance services, and promote network management requirements, which will be the focus.
- Healthcare: Develop a smart healthcare platform that integrates telecommunications, medical institutions, and medical units to apply healthcare information to better implement healthcare services. Using this platform, Stark Technology can branch out to district hospitals and clinics that we have less involvements in the past, and apply our past experiences at medical centers and regional hospitals to provide to hospitals that are closer to the public. Furthermore, in the medical field, AI deep learning continues to provide more accurate assistance to doctor consultation than actual clinical practice. In addition, with the collaborative R&D such as National Taiwan University,

Yang Ming Chiao Tung University, and National Cheng Kung University in the medical field, we can anticipate the introduction of related hardware and software solutions. The introduction is bound to be one of the projects actively invested by all medical institutions and medical units.

- E-commerce and retail industry: With more than 10 years of experience in telecom and e-commerce, and the support of global information technology manufacturers, the Company has branched into the retail application system service and is committed to the development of highly flexible AIoT smart retail for the payment and donation of the retail terminal, and the construction of end-to-end services including payment, collection, bill payment, use of service, suggestions, and receipt storage. In addition to the system development, we also introduce system application tools to help customers perform routine store management, integrated order management, personalized customer operation, customer browsing behavior tracking and analysis, operational data dashboard, and AI business intelligence data analysis from customer data platform, and marketing interaction design.
- All sectors: As mobile applications and cloud services mature, the demand for electronic data storage and applications will grow rapidly and significantly. The management, search and utilization of large amounts of structured and unstructured data has become an important IT development direction. At present, the use of unstructured data such as text, video, and audio has become very common in various industries, and the amount of data has increased rapidly. The demand for search and subsequent application of data has also arisen greatly. At the same time, information security issues are those that would never cease from generation to generation. Fortunately, the rise of blockchain technology and its feature with complete prevention of data tampering during transmission have enabled various fields to begin R&D and verification, and the start of introducing applications. It is foreseeable that there will be more and more related innovative applications developed in the field of information exchange in the future. In addition, from the perspective of the R&D trend of the major information security manufacturers, the new generation of information security defense technology will use the big data analysis, User Behavior Analytics, Deception, and Isolation technologies to develop products with machine learning and cognitive capabilities. It is predicted that large enterprises will adopt this new technology; the above are potential business opportunities of the Company.

III. Future development strategies of the Company

The Company's long-term development strategy remains unchanged. Based on "speed" and "talent," more value-added and application software will be developed. We will satisfy the needs of enterprise customers for large-scale integrated systems with the fastest "speed" and recruit and train outstanding IT talents. The short-term strategy is to maintain the existing business and focus on “cloud service”, “new generation data center management framework”, “big data”, “AI”, “Industry 4.0”, “Internet of Things”, and explore new business opportunities from the issue of "cyber security". Looking at the booming development of "cloud" and "devices", the business opportunities that the Company sees are: There are potential innovative user experiences (app) that are to be developed for the different sectors. There is a considerable demand for many device manufacturers to combine the Company's experiences in various industries and related integration of cloud computing developing opportunities together.

IV. Impacts of the competitive environment, the regulatory environment, and the overall economic environment

Currently, the Company is one of the largest system integrators in Taiwan in terms of revenue, profit or company size. Therefore, the impact from the external competition is positive, as we are better at system integration than other competitors. More stable finances, more talents, more products, and more popularity with the customers. At the same time, we will continue to explore new business opportunities in content supply and service.

From an industry perspective, in recent years, industries have heavily invested in AI/GenAI applications, telecommunications companies continue to expand OTN capacities, 5G is increasing signal penetration (with Small Cell deployments), and competition for end-user bandwidth provision is heating up between telecom and cable TV providers (G-PON vs. DOCSIS 3.1), the financial service industry continues to invest in Fintech and Regtech, while the original telecommunication service revenue is shrinking rapidly, it has developed into a variety of services. Most of which are related to information services. This development brings opportunities for Stark Technologies to branch out to various disciplines and collaborate with the telecommunications operators. Many domestic banks have set up branches overseas; the Financial Supervisory Commission has included Money Laundering Control Act (AML) into its administrative rule; companies start to use AML platforms to avoid enterprises that are sanctioned; the retail industry is responding to the strong development of China. Taiwan is bound to go on this retail road. The question is how to provide a sales model that is small-scale yet comprehensive and this would become the development trend in recent years. Information security threats (such as file encryption and DDoS-type extortion attacks) are getting more serious. Endpoint protection and monitoring (EDR/MDR, NDR, CDR) has become the last mile in the decisive battle of information security offense and defense; there are more successful cases of big data technology (using AI deep learning and machine learning) and applications; blockchain applications in various fields; the beginning of introduction for Industry 4.0 by manufacturing industry; the more diversified development of the Internet of Things (IoT) (e.g.: wearable devices, in-vehicle systems, home automation, professional fields such as airport and port monitoring and disaster prevention monitoring); all of which clearly demonstrate positive impacts to the Company. We will still have many opportunities and new markets for development.

We wish you all good health and prosperity.

Chairman Liang, Hsiu-Chung

Two. Company Profile

I. Date of Incorporation: March 24, 1993

II. Organization and Operations

1. Stark Technology Inc. was incorporated on March 24, 1993 with a registered capital of NT$10,000,000. At present, it is mainly engaged in the distribution of computer mainframes and peripheral equipment, spare parts, and computer books. Design, research, development and sales of computer software and hardware, maintenance of computer mainframes and peripherals, corporate computer design, import and export of the preceding related products, agency of quotation and bidding for products of above-mentioned manufacturers at home and abroad, and computer equipment Installation business, book wholesale, transactional machinery and equipment wholesale, international trading, business management consulting, information software service, data processing service, leasing business, intermediary service, electronic information supply service, general advertising service business, and so on.

March 1993	Stark Technology Inc. was created. Obtains reseller agreement of SUN Micro System for computer software and hardware product solutions.
July 1993	Established Chiayi branch office.
January 1994	Increased cash injection NT$13,750,000 and total capital = NT$23,750,000.
May 1995	Established Taipei branch office.
June 1996	Established Tainan branch office.
July 1996	Established Kaohsiung branch office. Obtained reseller agreement of Adobe systems for multi-media software products. Increased cash injection NT$47,250,000 and total capital = NT$71,000,000.
September 1996	Purchased the twelfth floor of King-Din business building and land in Hsinchu City due to business expansion.
October 1996	Obtained reseller contract of Oracle Corporation for software solutions. Obtains software reseller agreement of US BroadVision Inc.
March 1997	Stark Technology Inc.(U.S.A)
June 1997	Obtained reseller agreement for networking software and hardware products of Cabletron Company. Purchased the thirteenth floor of King-Din business building and land in Hsinchu City due to business expansion.
July 1997	Established the first and second business unit with major focus on IBM computer server, IBM PSG product line, SUN computer workstation, mainframe and peripheral equipment for business distribution, installation, integration, warranty and after services. Obtained one of the major authorized reseller contracts of Microsoft Corporation for large enterprise projects, windows software packages and distribution of AER software. Increased cash injection NT$84,000,000 and total capital = NT$155,000,000.
August 1997	Obtained reseller agreement of Sybase Inc. for Sybase software, database and middleware solutions.
October 1997	Established the third business unit with major focus on business development and distribution for computer peripherals and application software solutions. Established Hualien and Taichung branch offices. Purchased the eleventh floor of King-Din business building and land in Hsinchu City due to business expansion.

January 1998	Obtained printer server reseller agreement of Hong Kong Axis Communications Company.
March 1998	Increased cash injection NT$40,000,000 and total capital = NT$195,000,000.
May 1998	Established a fourth business unit with major focuses on Computer System Integration, Software and Hardware distribution businesses and provides business development for other business units.
June 1998	Applied to become a public company and capitalization of retained earnings, and capitalization of capital surplus which had been approved by an official letter issued by Securities and Futures Commission, Ministry of Finance, Ref. (1998) Tai-Cai-Zheng (I) No. 53805. Increased Capital = NT$297,250,000. Obtained Reseller Agreement of UGS CORP. for Solid Edge software products. Obtained Reseller Agreement of Axis Communications Company for Printer Server, Networking CD, DVD Server product lines.
July 1998	Obtained Reseller Agreement of UGS Group for UG software products. Obtained Reseller Contract of Institute for Information Industry for SeedNet W Leased Line Business. Obtained Reseller Agreement of OKNet Company for Translating Machine c Enterprise Networking Solutions. Obtained Reseller Agreement of Microsoft Corporation for MCSP Softwar product lines. Purchased the seventh floor of King-Din business building and land in Hsinchu City due to business expansion.
August 1998	Obtained reseller agreement of Yu-Jin Computer Company for ISO DCS software products.
September 1998	Obtained reseller agreement of Synchronous Communication Corp. for ISDN Networking Back-Up Systems.
October 1998	Obtained service reseller agreement of Digital United Inc. for SeedNet Enterprise Networking Solutions.
November 1998	Established the fifth business unit with major focuses on R&D, development and business distribution for Information management, E-Business and WAN system solutions. Establishes the sixth business unit that focuses on managing individual branch offices for product selling and after-service solutions. Obtained Reseller Agreement of Oracle Corporation for ERP software solutions as a way to penetrate into enterprise resource planning areas. Purchased the eleventh floor of King-Din business building and land in Hsinchu City due to business expansion.
December 1998	Entered into E-Business Planning Solutions industry.
January 1999	Obtained antivirus software package reseller agreement of Trend Micro Incorporated.
February 1999	Obtained reseller agreement of Epson Taiwan Technology & Trading LTD - Epson laser printer product line.
March 1999	Obtained reseller agreement of T Zone Company of networking software and hardware product lines.
June 1999	Published by Business Week, in 1998, Stark Technology ranked 329 in the top 500 service industry operations and #7 of ROI (Return Of Investment).
October 1999	Listed as over-the-counter on the GreTai Securities Market (GTSM). Processed capitalization of retained earnings, and capitalization of capital surplus which has been approved by an official letter issued by Securities and Futures Commission, Ministry of Finance, Ref. (1999) Tai-Cai-Zheng (I) No. 86577. Increased Capital = NT$508,000,000.
January	Listed as over-the-counter on the GreTai Securities Market (GTSM).

2000	
February 2000	Established Taoyuan and Chungli business agency offices.
April 2000	Obtained software, hardware and service reseller contracts of Taiwan IBM. Obtained WAN E-Business software distribution contract of SELECTI CA, INC. Obtained service contract of NETCOM E-doctor Antivirus Software Systems.
June 2000	Processed capitalization of retained earnings, and capitalization of capital surplus which had been approved by an official letter issued by Securities and Futures Commission, Ministry of Finance, Ref. (2000) Tai-Cai-Zheng (I) No. 47293. Increased Capital = NT$836,319 thousand. Ranked #20 out of Taiwan's top 5000 large enterprise companies by China Credit Information Services in 2000.
August 2000	Invested in SRAIN Investment Co., Ltd.
October 2000	Obtained reseller contract for remote control system of Cyber Vision Inc. Obtained system integration software product distribution rights of TIBCO Software Inc.
November 2000	Obtained database software package distribution contract of SOFTWARE AG Inc..
December 2000	Issued first time CB (Convertible Bond) to GreTai Securities Market (GTSM).
January 2001	Obtained reseller contract of EMC Software and Hardware product lines.
March 2001	Established Taipei Neihu branch office.
May 2001	Published by Business Week, Stark Technology ranked #1 out of the top 500 Service Industry Operations of Software Provider Companies in 2000. Published by the Common Wealth Magazine, Stark Technology ranked 24 out of 500 Service Industry Operations of ROA (Return Of Assets) in 2000.
September 2001	Processed capitalization of retained earnings and capital surplus and issuance of new shares from convertible bonds which had been approved by an official letter issued by Securities and Futures Commission, Ministry of Finance, Ref. (2001) Tai-Cai-Zheng (I) No. 144158 and (2001) Shang No. 09001392920. Increased capital = NT$1,317,478,290.
September 2001	Listed on Taiwan Stock Exchange (TWSE) as approved by TWSE and Securities and Futures Commission, Ministry of Finance.
December 2001	Converted ECB to issued new stock sharing which had been approved by an official letter issued by the Ministry of Economic Affairs, Ref. Jing-Shou-Shang-Zi No. 09101013010 and increased capital to NT$1,318,165,050.
June 2002	Merged with TAIHONG Technology Co.
July 2002	Published ECB (Euro-Convertible Bond) US$30 Million in Luxembourg. Processed capitalization of retained earnings and capital surplus which had been approved by an official letter issued by the Securities and Futures Commission, Ministry of Finance, Ref. (2002) Tai-Cai-Zheng (I) No. 09100129894. Increased capital = NT$1,825,796,920.
October 2002	Merged with TAIHONG Technology Co. Issues new shares (Quantity = 17,703,888 shares, per stock value = NT$10.). Approved by an official letter issued by Securities and Futures Commission, Ministry of Finance, Ref. (2002) Tai-Cai-Zheng (I) No. 0910154367.
November 2002	Capital after merging with TAIHONG Technology Co. was NT$2,102,835,800. Merged base date was November 1, 2002.
May 2003	Published by the Common Wealth Magazine, Stark Technology ranks 108 out of 500 Service Industry Operations in 2002. Published by Business Week, Stark Technology ranks 114 in the top 500 Service Industry Operations in 2002.

July 2003	Indirect investment in mainland China through an investee in a third location for the establishment of STARK (Ningbo) Technology Inc. Total amount of investment at US$3 Million. Approved by an official letter Ref. Jing-Fan-Er-Zi No. 092018747 from the Ministry of Economic Affairs.
July 2003	Obtained USA Storage TEK Distribution Contract for Storage Product Solutions.
August 2003	Processed capitalization of retained earnings which had been approved by an official letter issued by Securities and Futures Commission, Ministry of Finance, Ref. (2003) Tai-Cai-Zheng (I) No. 092001256510. Increased Capital = NT$2,240,119,380.
September 2003	Increased capital and published new stock (Quantity = 23,728,358), approved by an official letter issued by Taiwan Stock Exchange Ref. Tai-Zheng-Shang No. 0920024294.
September 2003	Obtained Hitachi Data Solutions Distribution Contract for Storage Product Solutions.
December 2003	Ranked #1 out of 8 for “MIS Best Choice-System Integration Service" from the Institute for Information Industry.
July 2004	Obtained Cellopoint Reseller Contract for Spamware Prevention System.
November 2004	Our company has applied for a reduction of capital through the cancellation of treasury shares, approved under Jing-Shou-Shang No. 09301209820, and after the cancellation of shares, the total number of issued shares became 225,158,398.
January 2005	Obtained CelloPoint Contract for Spamware Prevention System.
April 2005	Signed reseller contract with Unigraphics Solutions, USA (Teamcenter Software Solutions).
May 2005	PLM 3 of FSP Technology Inc. successfully obtained on-line status.
December 2005	Liquidated all unsecured and convertible Cooperate Bonds.
January 2006	Became Sun Microsystems' Authorized Reseller, Provider of CDP, and ENT of Sun products in Taiwan. Obtained the Microsoft Software Solutions Partner Contract of The Year 2006 in Taiwan.
November 2006	Obtained government official patent rights of “software packaging, financial data processing systems and processing methods for financial trading solutions”.
January 2007	Became "VMware Enterprise Partner."
August 2007	Became Oracle CAP Level Professional Services Provider (Oracle Certified Advantage Partner).
December 2007	Obtained contract for Distribution of NetApp storage products in Taiwan. Established a Stark subsidiary in China (Shanghai Stark Technology Inc.).
January 2008	Recognized as "Citrix Gold Partner (CSA Gold, Citrix Solution Advisor Gold Level)."
April 2008	Passed NetApp Certification and obtains NetApp ASP contract for Authorized Technical Service Provider.
August 2008	Decreased cash capital (Paid-In Capital = NT$1,329,503,630), approved by an official letters issued by Financial Supervisory Commission Ref. Jin-Guan-Zheng (I) No. 0970038218 and by the Ministry of Economic Affairs, Ref. Jing-Shou-Shang-Zi No. 09701214030.
January 2010	Became NetApp Platinum Agent.
May 2010	Invested in Stark Inforcom Inc..
April 2010	Became one of the founding members of Taiwan Cloud Computing Association.

December 2011	Became "Symantec FY11 Platinum System Integrator." Became NetAPP Platinum Partner. Became 2011 HP ESSN Gold Partner. Became 2011 HP Networking Diamond Club Partner. VMware Premier Solution Provider.
May 2014	Ranked 303rd place for service industry in the Survey for 2000 Enterprises for 2014 by CommonWealth Magazine.
June 2014	Rated A+ in the 11th information evaluation.
July 2014	The Company was ranked among the TOP 5000 large enterprises in Taiwan by the CRIF TAIWAN in 2014, and ranked 347th in terms of service revenue and 516th in business performance in the service industry.
April 2015	Rated A+ in the twelfth information evaluation. Among the top 6% to top 20% companies during the 1st Corporate Governance Evaluation.
May 2015	Ranked 283rd place for service industry in the Survey for 2000 Enterprises for 2015 by CommonWealth Magazine.
July 2015	Ranked in the China Credit Information Service's 2015 edition of Taiwan's Top 5000 Large Enterprises, we placed 310th in revenue and 366th in operational performance among service industries.
April 2016	Among the top 6% to top 20% companies during the 2nd Corporate Governance Evaluation.
May 2016	Ranked 269th place for service industry in the Survey for 2000 Enterprises for 2016 by CommonWealth Magazine. Ranked in the China Credit Information Service's 2015 edition of Taiwan's Top 5000 Large Enterprises, we placed 310th in revenue and 366th in operational performance among service industries.
November 2016	Received product distribution agency contract from Israel-based Mellanox Technologies. Won the Microsoft CSP distribution agency contract and became the cloud solution provider authorized by Microsoft.
December 2016	The Company was upgraded to a NetApp star reseller.
January 2017	Became a Fortinet distribution partner.
April 2017	Among the top 6% to top 20% companies during the 3rd Corporate Governance Evaluation.
May 2017	Ranked 276th place for service industry in the Survey for 2000 Enterprises for 2017 by CommonWealth Magazine.
July 2017	The Company was ranked among the TOP 5000 large enterprises in Taiwan by the CRIF TAIWAN in 2017. It ranked 340th in terms of service industry revenue and 495th place in terms of service industry performance. A capital reduction was carried out in cash. After the reduction, the paid-in capital amounted to NT$1,063,602,910.
September 2017	Became a Fujitsu Select Circle Partner.
January 2018	Acquired Solace distribution agency contract and became the authorized cloud solution provider for Solace.
April 2018	Among the top 6% to top 20% companies during the 4th Corporate Governance Evaluation.
May 2018	Ranked 270th place for service industry in the Survey for 2000 Enterprises for 2018 by CommonWealth Magazine. Signed the NVIDIA Partner Network Solution Provider Partner contract.
July 2018	Ranked among the TOP 5000 large enterprises in Taiwan in 2018.

	The Company ranked 1,005th place in terms of mixed revenue, regardless of industry. The Company ranked 1,235th place in terms of business performance, regardless of industry. Service Industry - Revenue ranked 392nd. Service Industry - ranked 500th in business performance. Ranked 6th place in the IT system integration service industry.
April 2019	Among the top 6% to top 20% companies during the 5th Corporate Governance Evaluation.
May 2019	Ranked 261st place for service industry in the Survey for 2000 Enterprises for 2019 by CommonWealth Magazine.
July 2019	The Company was ranked among the TOP 5000 large enterprises in Taiwan by the CRIF TAIWAN in 2019. The Company ranked 1,009th place in terms of mixed revenue, regardless of industry. Ranked at 388th place in terms of revenue in the service industry. Overall, the Company ranked 586th in terms of business performance. Service Industry - ranked 233rd in business performance. Ranked 6th place among the computer system integration service industry in terms of revenue.
December 2019	Among the top 6% to top 20% companies during the 6th Corporate Governance Evaluation.
April 2020	Ranked 242nd place for service industry in the Survey for 2000 Enterprises for 2020 by CommonWealth Magazine.
May 2020	Ranked 12th among IT equipment sales and service enterprises.
June 2020	Passed ISO /IEC 27001:2013 certification.
July 2020	The Company was ranked among the TOP 5000 large enterprises in Taiwan by the CRIF TAIWAN in 2020. The Company ranked 901st place in terms of mixed revenue, regardless of industry. Ranked at 363rd place in terms of revenue in the service industry. Overall, the Company ranked 285th in terms of business performance. Service Industry - ranked 131st in business performance. Ranked 5th place among the computer system integration service industry in terms of revenue.
December 2020	Obtained the Cisco Gold Certified Partner status.
January 2021	Became a TeamT5 certified Partner. Become UGuard and become UGuard certified Partner.
April 2021	The 7th Corporate Governance Evaluation - Outcome Ranking of listed companies: Listed as the companies in the top 6% to top 20%. Companies that rank among the top 6% to top 10% with the market capitalization of over NT$5 billion to NT$10 billion and are listed companies.
May 2021	Ranked 243rd place for service industry in the Survey for 2000 Enterprises for 2021 by CommonWealth Magazine. Ranked 12th among IT equipment sales and service enterprises.
July 2021	The Company was ranked among the TOP 5000 large enterprises in Taiwan by the CRIF TAIWAN in 2021. The Company ranked 870th place in terms of mixed revenue, regardless of industry. Ranked 357th place in terms of revenue in the service industry. Overall, the Company ranked 471st in terms of business performance.

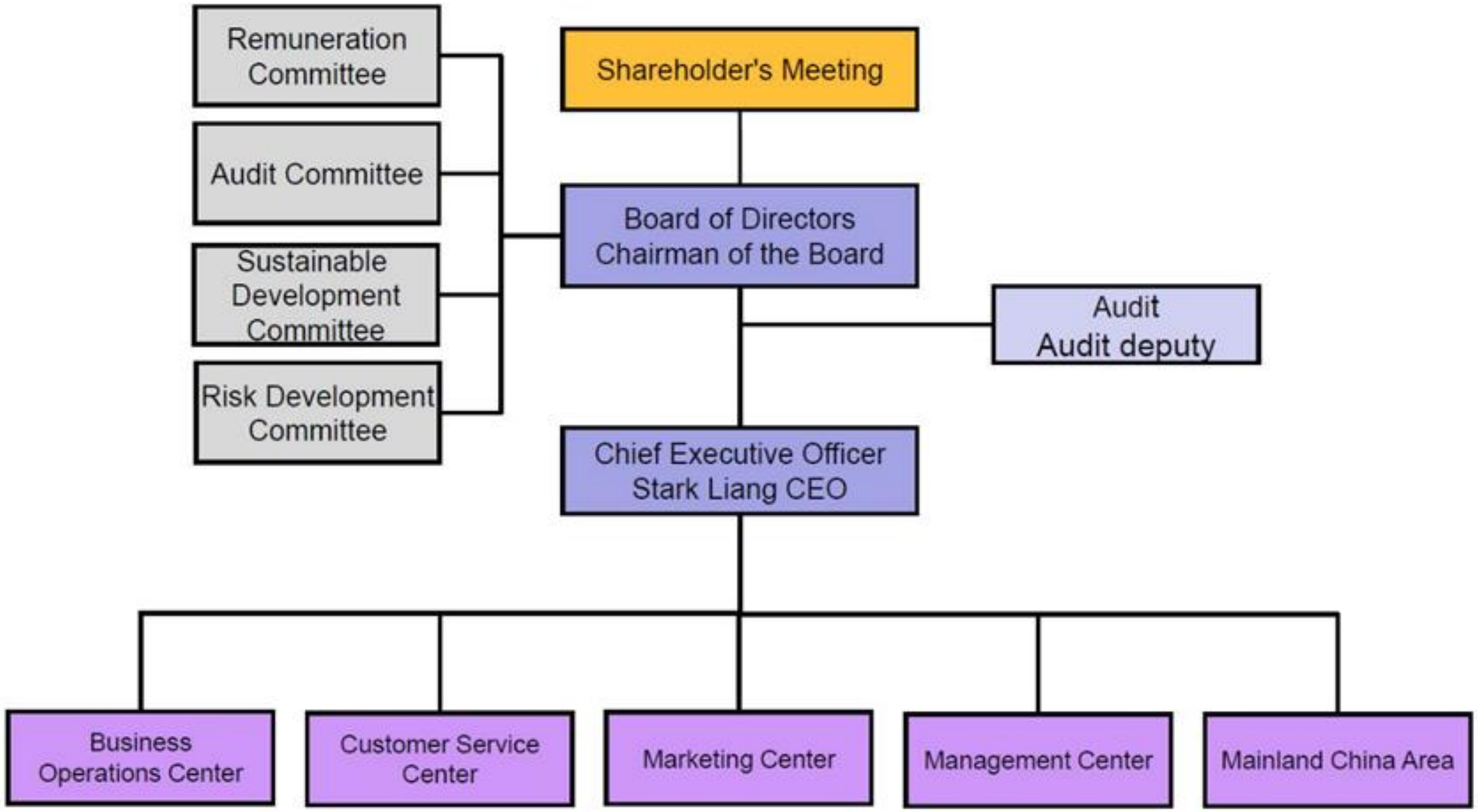
	Service Industry - ranked 200th in business performance. Ranked 5th place among the computer system integration service industry.
November 2021	Obtained Palo Alto Networks Diamond Reseller qualification. The Company was honored as a Sustainable Vendor by Far EasTone for three consecutive years, and won the "2021 Sustainability Pioneer - Best Partner" award in 2021.
April 2022	The 8th Corporate Governance Evaluation - Outcome Ranking of listed companies: Listed as the companies in the top 21% to the top 35%. Companies that rank among the top 11% to top 20% with the market capitalization of over NT$5 billion to NT$10 billion and are listed companies.
May 2022	Ranked 221st place for service industry in the Survey for 2000 Enterprises for 2022 by CommonWealth Magazine. Ranked 11th among IT equipment sales and service enterprises.
July 2022	The Company was ranked among the TOP 5000 large enterprises in Taiwan by the CRIF TAIWAN in 2022. The Company ranked 796th place in terms of mixed revenue, regardless of industry. Ranking at 313th place in terms of revenue in the service industry. Overall, the Company ranked 441st in terms of business performance. Service Industry - ranked 180th in business performance. Ranked 5th place among the computer system integration service industry.
October 2022	Obtained Check Point 4-star distributor qualification.
November 2022	The Company was awarded the Bronze Medal for Talent Quality-management System (TTQS) - Enterprise Organizational Edition by the Workforce Development Administration, Ministry of Labor.
April 2023	Promoted to Hitachi Vantara (HDS) Elite Partner The 9th Corporate Governance Evaluation - Outcome Ranking of listed companies: Listed as the companies in the top 21% to the top 35%. Companies that rank among the top 11% to top 20% with the market capitalization of over NT$5 billion to NT$10 billion and are listed companies.
May 2023	Ranked 229st place for service industry in the Survey for 2000 Enterprises for 2023 by CommonWealth Magazine. Ranked 10th among IT equipment sales and service enterprises.
July 2023	Promoted to Platinum Partner of IBM Taiwan Corporation The Company was ranked among the TOP 5000 large enterprises in Taiwan by the CRIF TAIWAN in 2023. The Company ranked 744th place in terms of mixed revenue, regardless of industry. Ranking at 297th place in terms of revenue in the service industry. Overall, the Company ranked 318th in terms of business performance. Service Industry - ranked 128th in business performance. Ranked 4th place among the computer system integration service industry.
November 2023	2022 Excellent Supplier Award by Taishin Bank
December 2023	Won the 2023 Outstanding Supplier Award from Fubon Financial Holding for 4 consecutive years.

2. In the most recent year and as of the annual report publication date, merger and acquisition activities, reinvestments in affiliated enterprises and corporate reorganization, massive transfer or change of equity by the Company's directors or dominant shareholders with more than 10% stake, major changes in operating rights, operating methods, or operating contents as well as other important matters that may affect the shareholders' equity and the company: None.

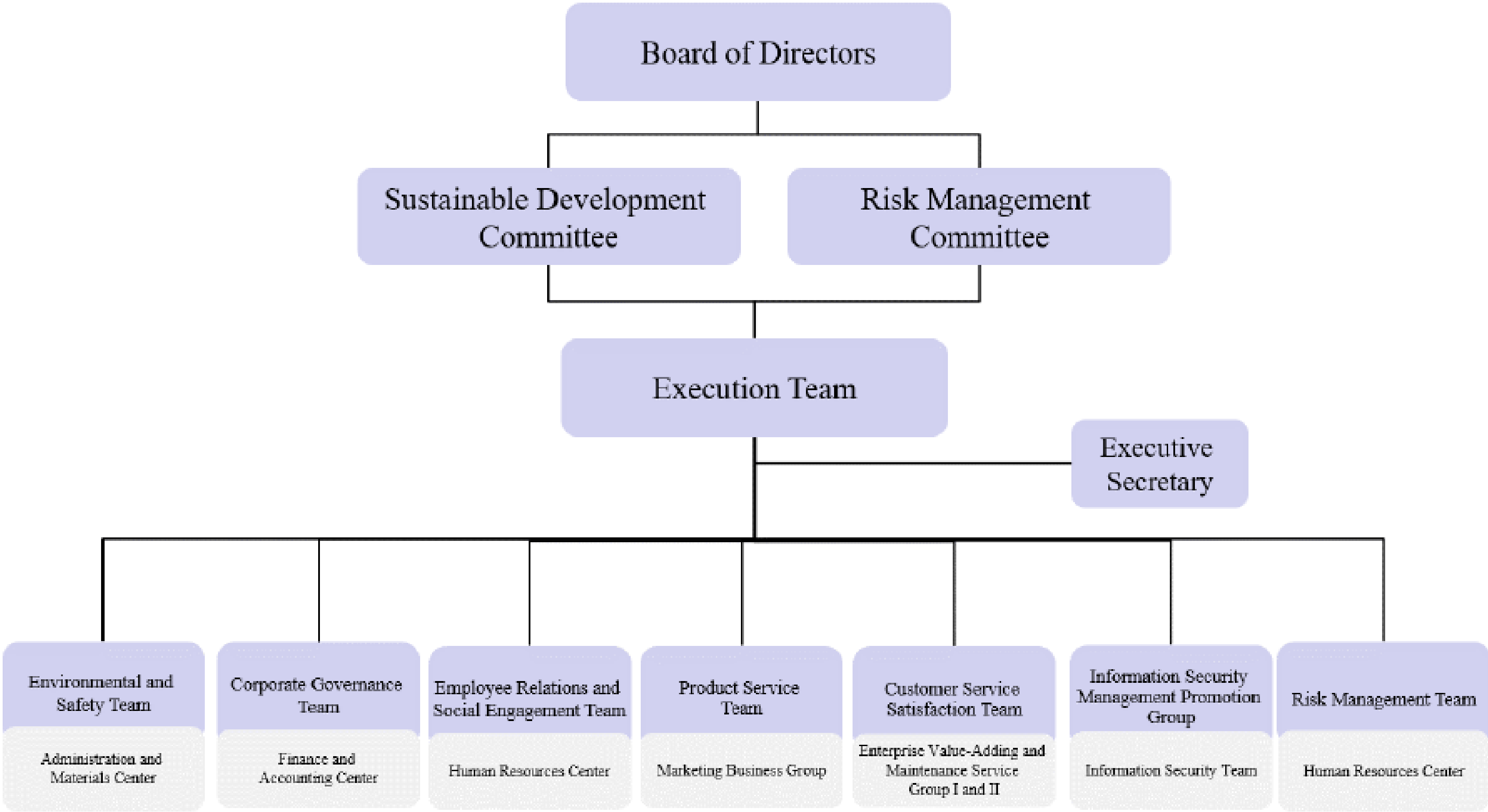
Three. Corporate Governance Report

I. Organization

1. Organization structure



1.1. Organizational structures of the Sustainable Development Committee and the Risk Management Committee



2. Business summary of main departments

Main department		Duties and functions
Office of Chairman and CEO		Monitor and supervise the company on behalf of the Board of Directors in the pursuit of the greatest profits for all shareholders. In charge of the company's main operations and daily management matters. Lead the managerial officers in making major decisions of the company.
Audit Office		Inspect and evaluate defects of the internal control system and measure the efficiency of operations. Provide timely improvement suggestions in ensuring the internal control system is effectively implemented on a continuous basis. Support the Board of Directors and Management in performing their responsibilities and duties.
Business Operations Center		Responsible for providing applicable system integration and planning for industries covering the high technology manufacturing business, government unit, telecommunications, financial services, medical industry, educational institution, academic research institute, traditional manufacturing industry, small and medium size enterprises, and retails.
Customer Service Center		Responsible for assisting sales unit in providing pre-sales and after-sales services, promoting information security, e-commerce, network system testing and installation, and educational training. Plan, build, and maintain company information security management system to lower risks in operations and information security.
R&D Department		Responsible for establishing product R&D plans, coordinate development progresses, technologies, complete product developments and product technical documents write up.
Marketing Center		Responsible for market survey, intelligence collection and analyze markets, formulate product distribution marketing strategies and planning sales.
Management Center	Legal Resource Division	Responsible for handling related contracts, disputes, litigations and so on legal matters, and operation laws risk management.
	Finance and Accounting Center	Responsible for finance planning, accounting and taxation accounts handling, funds gathering and allocation, financial statements and budget preparations.
	Administration and Materials Center	Responsible for planning and execution of management systems. Establish procurement strategies and supplier evaluation, selection and management.

Main department		Duties and functions
	Human Resources Center	Responsible for human resource management and strategy planning, salaries system, performance management and talent development.
Mainland China Area		Responsible for expanding and developing China market and its management.

II. Information about directors, president, vice presidents, assistant vice presidents, and department and branch managers

(I) Information of directors

1. Directors information

March 31, 2024

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Tenure	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse or minor children		Shares held in the name of others		Main experience/education	Concurrent positions in the Company and other companies	Other officers, directors or supervisors who is a spouse or relative within the second degree of kinship			Remarks
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Chairman ng term	Taiwan (R.O.C.)	Liang, Hsiu-Chung	Male 61~70 years old	2022.05.27	3 years	1996.06.03	3,811,358	3.58%	3,811,358	3.58%	2,400,000	2.26%	0	0.00%	Master of Computer Science, Chung Yuan Christian University, Manager of Acer Incorporated, Electronics Research Institute, Industrial Technology Research Institute	Chairman and CEO of Stark Technology Inc., Stark Technology Inc.(USA) responsible person, Responsible person of SRAIN Investment Co., Ltd., Independent Director of ITEQ CORPORATION, Director of National Information Infrastructure Enterprise Promotion Association, Independent Director of Egis Technology Inc.	None	None	None	Note 1
Director	Taiwan (R.O.C.)	Chen, Kuo-Hung	Male 61~70 years old	2022.05.27	3 years	2003.05.27	604,129	0.57%	604,129	0.57%	0	0.00%	0	0.00%	Department of Electrical Engineering, National Taiwan University, President of HOWTEH TECHNOLOGY CO., LTD., President, Tailyn Technologies, Inc., Chief Strategy Officer, Stark Technology Inc.	Director, Tailyn Technologies, Inc., Chairman, HOWTEH TECHNOLOGY CO., LTD., Chairman, CHAINTEL TECHNOLOGY CO., LTD.,	None	None	None	
Director	Taiwan (R.O.C.)	Tseng, I-Shun	Male 51~60 years old	2022.05.27	3 years	1996.06.03	1,031,633	0.97%	1,031,633	0.97%	255,240	0.24%	0	0.00%	Computer Science, Chung Yuan Christian University, Chief of Acer Incorporated,	Executive Vice President, Business Group II, Stark Technology Inc., Representative of a juristic person director, Cloud Intelligent Operation Technology Co., Inc.	None	None	None	
Director	Taiwan (R.O.C.)	Chen, Hsing-Chou	Male 51~60 years old	2022.05.27	3 years	1996.06.03	1,121,247	1.05%	1,121,247	1.05%	168,000	0.16%	0	0.00%	Department of Electronics, Feng Chia University, Sales Specialist of Acer Incorporated, Assistant Vice President, TREND LAB CORPORATION	Executive Vice President, Market Business, Stark Technology Inc., Chairman, Stark Inforcom Inc.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Tenure	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse or minor children		Shares held in the name of others		Main experience/education	Concurrent positions in the Company and other companies	Other officers, directors or supervisors who is a spouse or relative within the second degree of kinship			Remarks
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Director	Taiwan (R.O.C.)	Liu, Hsien-Min	Male 61~70 years old	2022.05.27	3 years	1998.05.29	458,800	0.43%	458,800	0.43%	400,000	0.38%	0	0.00%	Department of Computing, Tamkang University, Manager of Acer Incorporated	Executive Vice President, Business Group 68, Stark Technology Inc.,	None	None	None	
Director	Taiwan (R.O.C.)	Yu, Ming-Chang	Male 61~70 years old	2022.05.27	3 years	1996.06.03	1,222,974	1.15%	1,222,974	1.15%	690,929	0.65%	0	0.00%	Master's Degree in Electrical Engineering, Tsing Hua University, Vice President of Stark Technology Inc., Chairman and COO of MACHVISION, INC., Chairman of ACE MOTORS INC.	Director of MACHVISION, INC., Representative of a juristic person director, ASPEED TECHNOLOGY INC. Independent Director of CipherLab Co., Ltd.,	Vice President of the Company	Chu, Jui-Hua	Spouse	Note 2
Director	Republic of China	Cheng Fa Investment Co., Ltd.	Not applicable.	2022.05.27	3 years	2022.05.27	1,196,000	1.12%	1,230,000	1.16%	0	0.00%	0	0.00%	Not applicable.	None	None	None	None	
	Republic of China	Representative: Tsai, Hua-Cheng	Male Below 40 years old				0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Finance, Chang Jung Christian University Master of Business Administration, Johnson & Wells University Assistant Manager, Corporate Banking Department, Far Eastern Commercial Bank	Senior Sales Specialist, Stark Technology Inc. Responsible person of Cheng Fa Investment Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Tenure	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse or minor children		Shares held in the name of others		Main experience/education	Concurrent positions in the Company and other companies	Other officers, directors or supervisors who is a spouse or relative within the second degree of kinship			Remarks
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Independent Director	Republic of China	Tsai, Kun-Liang	Male 61~70 years old	2022.05.27	3 years	2016.05.31	649	0.00%	649	0.00%	12,000	0.01%	0	0.00%	Master's degree in Technology Management from Baker University and Bachelor in Mechanical Engineering from National Taiwan Ocean University. CEO of Cheng Chung, Asia Pacific Sales Director of MEMC, Vice President of Electronics Business of Sino-Germany, Computer and Communication Research Laboratory of Taiwan Industrial Technology Research Institute	Commercial Representative and Senior Advisor of Gridtential Asia	None	None	None	
Independent Director	Republic of China	Lu, Jui-Wen	Male 41~50 years old	2022.05.27	3 years	2019.05.29	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor of Accounting, Soochow University. Senior Director, Ernst & Young.	Certified Public Accountant of Diwan & Company	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Tenure	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse or minor children		Shares held in the name of others		Main experience/education	Concurrent positions in the Company and other companies	Other officers, directors or supervisors who is a spouse or relative within the second degree of kinship			Remarks
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Independent Director	Republic of China	Yu, Yung-Hung	Male 61~70 years old	2022.05.27	3 years	2022.05.27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	PhD of Business Administration, University of California, Berkeley PhD of Commerce, Sun Yat-Sen University Master of Business Administration, Colorado State University Consulting Partner, Ernst & Young Executive Director, EY Management Services Inc. Adjunct Professor, Wuhan University-Shenzhen Center for Industrial-Academia-Research Independent Director/Convener of Remuneration Committee/Member of New Business Investment Committee and Audit Committee of WPG Holdings	Independent Director of FULLERTON TECHNOLOGY CO., LTD. /Convener of the Auditing Committee/Member of the Remuneration Committee Advisor, Taiwan Industrial Holdings Association Consultant of Accounting Research Monthly Independent Director of Trigold Holdings Limited	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Tenure	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse or minor children		Shares held in the name of others		Main experience/education	Concurrent positions in the Company and other companies	Other officers, directors or supervisors who is a spouse or relative within the second degree of kinship			Remarks
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Independent Director	Republic of China	Tang, Ying-Hua	Male 51~60 years old	2022.05.27	3 years	2022.05.27	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Electronics, National Taipei Institute of Technology MBA, Leiceter University, UK EMBA, National Tsing Hua University Ph.D., Department of Management, National Chiao Tung University Product Marketing Manager, United Microelectronics Corporation Assistant vice president, Strategic Planning Department, ITE Tech. Inc. President of Japan Branch Office of ITE Tech. Inc. President, Waltop International Corporation (before merger) President of Waltop International Corporation The 2nd President of EMBA Alumni Association, National Tsing Hua University The 7th Vice Chairman of National Tsing Hua University Alumni Association	National Taiwan University, adjunct assistant professor Consultant of Waltop International Corporation Chief of Corporate Collaboration and Corporate Mentoring, College of Science and Technology Management, National Tsing Hua University President, Prosperity Association, College of Science and Management, National Tsing Hua University Director, The 8th National Tsing Hua University Alumni Association Director, The 8th EMBA Alumni Association, National Tsing Hua University	None	None	None	

Note 1: The chairperson and president or person holding equivalent post (the highest level managerial officer) are the same person, spouses, or relatives within the first degree of kinship, an explanation must be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Considering the current scale and organization of the company, the Company's chairman is working concurrently as the CEO. This is reasonable and necessary because it not only contributes to consistency in decisions and execution power and it also enhances management efficiency. Both the chairman and each director can have sufficient communications on the company's current operation status and planning guideline so as to accomplish corporate governance and enhance the independence of the board

of directors. There are plans to add the number of director seats in the future in order to elevate the board's duties and strengthen supervisory function. Currently, the Company already has the following measures: 1. Majority of the Board members are not concurrently an employee or managerial officer of the Company. 2. Yearly arrangements for the directors to participate in the director courses for continuing education so as to increase the operational effectiveness of the Board.

Note 2: Yu, Ming-Chang served as the Supervisor of the Company from 2010.06.14~2019.05.28.

2. Major shareholders of corporate shareholder/ director:

March 31, 2024

Name of corporate shareholder (Note 1)	Major Shareholders of Directors Representing Institutional Shareholders (Note 2)	Percentage of shareholding
Cheng Fa Investment Co., Ltd.	Tsai, Hua-Cheng	72%
	Tang, Kuei-Chen	28%

3. Major Shareholders of the Directors Representing Institutional Shareholders: Not applicable.

4. Information Disclosure of the Director's Professional Qualifications and Independence of Independent Directors:

Criteria / Name	Professional qualifications and experiences (Note 1)	State of Independence (Note 2)	Number of public companies that Independent Directors also hold positions
Liang, Hsiu-Chung (Chairman)	(1) Master of Computer Science, Chung Yuan Christian University, (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Major experiences: Manager of Acer Incorporated; Electronic Laboratory, Industrial Technology Research Institute. (4) Current position: Chairman and CEO of Stark Technology Inc.(USA), responsible person of SRAIN Investment Co., Ltd., independent director of ITEQ CORPORATION, director of National Information Infrastructure Enterprise Promotion Association of the Republic of China, independent director of Egis Technology Inc.. (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (2) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (3) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (4) There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (5) Not a spouse or relative within the second degree of kinship with other directors. (6) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	2

Chen, Kuo-Hung (Director)	(1) Department of Electrical Engineering, National Taiwan University, (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experiences: President of HOWTEH TECHNOLOGY CO., LTD.,; President, Tailyn Technologies, Inc., Chief Strategy Officer, Stark Technology Inc.. (4) Current positions: Director, Tailyn Technologies, Inc.,; Chairman, HOWTEH TECHNOLOGY CO., LTD., and Chairman of CHAINTEL TECHNOLOGY CO., LTD. (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph (1) or any of the persons in subparagraph (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (7) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (8) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (10) Not a spouse or relative within the second degree of kinship with other directors. (11) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	0

Tseng, I-Shun (Director)	(1) Computer Science, Chung Yuan Christian University. (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experience: Chief of Acer Incorporated. (4) Current positions: Executive Vice President, Business Group II, Stark Technology Inc., and Institutional director representative of Cloud Intelligent Operation Technology Co., Inc.. (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (2) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (3) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (4) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (5) There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (6) Not a spouse or relative within the second degree of kinship with other directors. (7) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	0

Chen, Hsing-Chou (Director)	(1) Department of Electronics, Feng Chia University. (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experiences: Sales specialist of Acer Incorporated, Assistant Vice President, TREND LAB CORPORATION. (4) Current positions: Executive Vice President of Marketing Business Group, Stark Technology Inc., and Chairman of Stark Inforcom Inc.. (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (2) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (3) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (4) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (5) There has been no compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (6) Not a spouse or relative within the second degree of kinship with other directors. (7) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	0

Liu, Hsien-Min (Director)	(1) Department of Computing, Tamkang University, (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experience: Manager of Acer Incorporated. (4) Current position:Executive Vice President, Business Group 68, Stark Technology Inc.. (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party. (2) Not the spouse, relative to the second degree or direct kin of the third degree or closer to persons listed in (1) and (2). (3) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (4) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (5) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (6) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (7) Compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (8) Not a spouse or relative within the second degree of kinship with other directors. (9) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	0

Yu, Ming-Chang (Director)	(1) Master's Degree in Electrical Engineering, Tsing Hua University, (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experience: Vice President of Stark Technology Inc., Chairman and COO of MACHVISION, INC., Chairman of ACE MOTORS INC.. (4) Current title: Director of MACHVISION, INC., Corporate Representative, ASPEED TECHNOLOGY INC., and Independent Director of CipherLab Co., Ltd.. (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (4) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (5) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (6) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (7) Compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (8) Not a spouse or relative within the second degree of kinship with other directors. (9) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	1

Tsai, Hua-Cheng (Corporate Director Representative)	(1) Bachelor of Finance from Chang Jung Christian University and an MBA degree from Johnson & Wells University. (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experience: Assistant Manager, Corporate Banking Department, Far Eastern Commercial Bank. (4) Current title: Senior Sales Specialist, Stark Technology Inc., and Responsible person of Cheng Fa Investment Co., Ltd.. (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party. (2) Not the spouse, relative to the second degree or direct kin of the third degree or closer to persons listed in (1) and (2). (3) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (4) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (5) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (6) Compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (7) Not a spouse or relative within the second degree of kinship with other directors. (8) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	0

Tsai, Kun-Liang (Independent Director/ Audit Committee/ Remuneration Committee Convener/ Member of Risk Management Committee)	(1) Master's degree in Technology Management from Baker University and Bachelor in Mechanical Engineering from National Taiwan Ocean University. (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experience: CEO of Cheng Chung, Asia Pacific Sales Director of MEMC, Vice President of Electronics Business of Sino-Germany, Computer and Communication Research Laboratory of Taiwan Industrial Technology Research Institute. (4) Current title: Commercial Representative and Senior Advisor of Gridtential Asia. (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph (1) or any of the persons in subparagraph (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (7) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (8) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (10) Not a spouse or relative within the second degree of kinship with other directors. (11) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	0

Lu, Jui-Wen (Independent Director/ Audit Committee Convener/ Remuneration Committee Member/ Sustainable Development Committee member)	(1) Bachelor of Accounting, Soochow University. (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Professional and technical personnel who have passed the national examination required to become certified public accountants. (4) Experience: Senior Director, Ernst & Young. (5) Current position: Certified Public Accountant of Diwan & Company. (About 26 years at the CPA firm, including about 14 years as a certified public accountant) (6) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph (1) or any of the persons in subparagraph (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (7) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (8) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (10) Not a spouse or relative within the second degree of kinship with other directors. (11) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	0

Yu, Yung-Hung (Independent Director/ Audit Committee/ Remuneration Committee Member/ Sustainable Development Committee Convener)	(1) Ph.D. in Business Administration from University of California, Berkeley, a Ph.D. in Commerce from Sun Yat-Sen University, and MBA from Colorado State University. (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experiences: Consulting Partner, Ernst & Young, Executive Director, Ernst & Young Management Consulting Inc., Adjunct Professor, Wuhan University-Shenzhen Center for Industry-University-Research, Independent Director/Convener of Remuneration Committee/Member of New Business Investment Committee and Audit Committee of WPG Holdings . (4) Current position: Independent Director of FULLERTON TECHNOLOGY CO., LTD./ Convener of the Auditing Committee/Member of the Remuneration Committee, Advisor of Consultant of Industrial Holdings Association, Consultant of Accounting Research Monthly, Independent Director of Trigold Holdings Limited . (5) There have been no occurrence of events as described under Article 30 of the Company Act.	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph (1) or any of the persons in subparagraph (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (7) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (8) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (10) Not a spouse or relative within the second degree of kinship with other directors. (11) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	2

Tang, Ying-Hua (Independent Director/ Audit Committee/ Remuneration Committee Member/ Convener of the Risk Management Committee)	(1) Electronics major, National Taipei Institute of Technology , MBA, Leicester University, UK, EMBA, National Tsing Hua University, Ph.D., Department of Management, National Chiao Tung University. (2) Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. (3) Experience: Product Marketing Manager of UHC, Assistant Manager of Strategic Planning Department of United Microelectronics Corporation, President of Japan Branch Office of ITE Tech. Inc., President, Waltop International Corporation (before merger), President of Waltop International Corporation, The 2nd President of EMBA Alumni Association, National Tsing Hua University, The Vice Chairman of the 7th National Tsing Hua University Alumni Association. (4) Current title: Consultant of Waltop International Corporation; adjunct Assistant Professor at National Taiwan University; Chief of Corporate Collaboration and Corporate Mentoring, College of Science and Technology Management, National Tsing Hua University; President, Prosperity Association, College of Science and Management, National Tsing Hua University; Director, The 8th National Tsing Hua University Alumni Association, Director, The 8th EMBA Alumni Association, and National Tsing Hua University. (5) There have been no occurrence of events	(1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph (1) or any of the persons in subparagraph (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2, Article 27 of the Company Act. (6) Not a director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company. (7) The chairman, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are not the same person or are not spouses who is a director, supervisor, or employee of that other company or institution. (8) Not a director (or governor), supervisor, managerial officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. (10) Not a spouse or relative within the second degree of kinship with other directors. (11) Not elected to office as a government or corporate representative according to Article 27 of The Company Act.	0

	as described under Article 30 of the Company Act.		

Note 1: Professional qualifications and experiences: Describe the professional qualifications and experiences of each director and supervisor. If he/she is a member of the Audit Committee and possesses accounting or finance profession, his/her accounting or finance background and work experiences should be specified. Lastly, state whether there have been circumstances relating to Article 30 of The Company Act.

Note 2: The state of independence should be specified for the independent director, including but not limited to whether the independent director, his/her spouse, and relatives within the second degree of kinship are acting as the director, supervisor or employee of the Company or its affiliated enterprise; the number of shares and percentage held by the independent director, his/her spouse, and relatives within second degree of kinship (or in the name of others); whether the independent director is acting as the director, supervisor or employee of a designated company that has specified relationship with the Company (refer to the establishment of public company independent directors and subparagraphs 5~8, paragraph 1, Article 3 of the regulation to comply with); the compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years.

5. Diversity and independence of the Board of Directors:

The Company has established the “Corporate Governance Best Practice Principles.” The board members’ composition shall take into account of diversity and its operation, operation pattern and development needs along with the basic conditions (such as, gender, age, nationality and culture) and professional background, technical skills and industry experiences (such as: Information technology, accounting and law) and so on aspects of diversity. Each Board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the Board should have the following skills as a whole: I. Business judgment. II. Accounting and financial analysis. III. Business management. IV. Crisis management. V. Industry knowledge. VI. International perspective. VII. Leadership. VIII. Decision-making, and other professional background.

The tenure for the Company’s 11th Board of Directors is from May 27, 2022 to May 26, 2025. There are 11 present directors which include 4 independent directors and 5 directors with employee identity, which accounts for 36% and 45% of all board members, respectively. The goal of less than half of the directors with concurrent employee identity has been reached.

On the age of the directors, there are 6 directors between 61~70 years old, 3 directors between 51~60 years old, 1 director between 41~50 years old and one below 40 years old. The board members have a wealth of industry and professional experiences. Independent Director Lu, Jui-Wen possesses professional accounting qualification. There are 4 members with Master’s degree, 2 PhDs. 4 of them have obtained their degrees in the USA, England and China. The members also have served at foreign companies and academic with varied cultural background and international perspectives and experiences.

In the pursuit of gender balance in the board composition, the goal is to have at least one female director and increase directors with diverse expertise, field of work and background in finance, professional academic, ESG and so on aspects, and to add 1 independent director so that more than half of the board members are independent directors and contiguous terms are up to 9 years as a maximum.

The Company's independent directors are not under any of the circumstances as stated in paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act, including none of the directors are spouses or relatives within second degree of kinship with each other, which complies with the regulations of the Securities and Futures Bureau, Financial Supervisory Commission. For each of the director's experiences and academic background, gender, professional qualifications, work experiences, and diversity related information, please refer to the corporate governance report (I) Director Information.

Core diversity items / Name of director	Nationality	Gender	Concurrently is an employee of the Company.	Tenure of Independent Director			Age				Diversity in professional and industry experiences								
				3 years and below	3 to 9 years	9 years and above	Below 40 years old	41 to 50 years old	51 to 60 years old	61 to 70 years old	Operational judgements	Finance and accounting	Business management	Crisis handling	Industry knowledge	International perspective	Leadership and strategic decisions	Information technology	Law
Chairman Liang, Hsiu-Chung	Taiwan (R.O.C.)	Male	✓							✓	✓		✓	✓	✓	✓	✓	✓	
Director Chen, Kuo-Hung	Taiwan (R.O.C.)	Male								✓	✓	✓	✓	✓	✓	✓	✓	✓	
Director Tseng, I-Shun	Taiwan (R.O.C.)	Male	✓						✓		✓		✓	✓	✓		✓	✓	

Core diversity items / Name of director	Nationality	Gender	Concurrently is an employee of the Company.	Tenure of Independent Director			Age				Diversity in professional and industry experiences								
				3 years and below	3 to 9 years	9 years and above	Below 40 years old	41 to 50 years old	51 to 60 years old	61 to 70 years old	Operational judgements	Finance and accounting	Business management	Crisis handling	Industry knowledge	International perspective	Leadership and strategic decisions	Information technology	Law
Director Chen, Hsing-Chou	Taiwan (R.O.C.)	Male	✓						✓		✓		✓	✓	✓	✓	✓	✓	
Director Liu, Hsien-Min	Taiwan (R.O.C.)	Male	✓							✓	✓		✓	✓	✓		✓	✓	
Director Yu, Ming-Chang	Taiwan (R.O.C.)	Male								✓	✓		✓	✓	✓		✓	✓	
Corporate Director Representative Tsai, Hua-Cheng	Taiwan (R.O.C.)	Male	✓				✓				✓	✓	✓	✓	✓	✓		✓	
Independent Director Tsai,	Taiwan (R.O.C.)	Male			✓					✓	✓	✓	✓	✓	✓	✓	✓		

Core diversity items / Name of director	Nationality	Gender	Concurrently is an employee of the Company.	Tenure of Independent Director			Age				Diversity in professional and industry experiences								
				3 years and below	3 to 9 years	9 years and above	Below 40 years old	41 to 50 years old	51 to 60 years old	61 to 70 years old	Operational judgements	Finance and accounting	Business management	Crisis handling	Industry knowledge	International perspective	Leadership and strategic decisions	Information technology	Law
Kun-Liang																			
Independent Director Lu, Jui-Wen	Taiwan (R.O.C.)	Male			✓			✓			✓	✓	✓	✓	✓	✓	✓		
Independent Director Yu, Yung-Hung	Taiwan (R.O.C.)	Male		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director Tang, Ying-Hua	Taiwan (R.O.C.)	Male		✓					✓		✓	✓	✓	✓	✓	✓	✓	✓	

(II) Information about directors, president, vice presidents, assistant vice presidents, and department and branch managers:

March 31, 2024

Title	Nationality or place of registration	Name	Gender	Date onboard	Shares held		Shares held by spouse or minor children		Shares held in the name of others		Selected professional qualification and education	Concurrent positions in other companies	Managerial officer who is a spouse or relative within two degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Chairman and CEO	Taiwan (R.O.C.)	Liang, Hsiu-Chung	Male	1993.02.17	3,811,358	3.58%	2,400,000	2.26%	0	0.00%	Master of Computer Science, Chung Yuan Christian University, Manager of Acer Incorporated; Electronic Laboratory, Industrial Technology Research Institute.	Stark Technology Inc.(USA) responsible person, Responsible person of SRAIN Investment Co., Ltd., Independent Director of ITEQ CORPORATION, Director of National Information Infrastructure Enterprise Promotion Association, Independent Director of Egis Technology Inc.	None	None	None	Note 1
Director and Executive Vice President of 2nd Business Group	Taiwan (R.O.C.)	Tseng, I-Shun	Male	2001.01.12	1,031,633	0.97%	255,240	0.24%	0	0.00%	Computer Science, Chung Yuan Christian University, Chief of Acer Incorporated	Representative of a juristic person director, Cloud Intelligent Operation Technology Co., Inc.	None	None	None	
Director and Executive Vice President of Market Business Group	Taiwan (R.O.C.)	Chen, Hsing-Chou	Male	2001.01.12	1,121,247	1.05%	168,000	0.16%	0	0.00%	Department of Electronics, Feng Chia University, Sales specialist of Acer Incorporated, Assistant Vice President, TREND LAB CORPORATION.	Chairman, Stark Inforcom Inc.	None	None	None	
Director and Executive Vice President of 68 Business Group	Taiwan (R.O.C.)	Liu, Hsien-Min	Male	2001.01.12	458,800	0.43%	400,000	0.38%	0	0.00%	Department of Computing, Tamkang University, Manager, Acer Incorporated	None	None	None	None	
Vice President, Project Management, 68th Business Group	Taiwan (R.O.C.)	Huang, Shun-An	Male	2004.11.16	16,574	0.02%	0	0.00%	0	0.00%	Department of Computer Science, Feng Chia University, Master of Business Administration, National Chengchi University Technical Manager of CATC ENERGY TECHNOLOGIES INC.; Chief of Acer Incorporated	None	None	None	None	
President and Vice President of the CEO Office	Taiwan (R.O.C.)	Huang, Hsin-Chi	Male	2004.11.16	0	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering and Information Technology, Yuan Ze University, Engineer of GIPS TECHNOLOGY CO., LTD., Engineer of Motorola	Director, TAIWAN LOVE BEAUTY CO., LTD.	None	None	None	

Title	Nationality or place of registration	Name	Gender	Date onboard	Shares held		Shares held by spouse or minor children		Shares held in the name of others		Selected professional qualification and education	Concurrent positions in other companies	Managerial officer who is a spouse or relative within two degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Vice President, Administrative and Materials Center	Taiwan (R.O.C.)	Chu, Jui-Hua	Female	2007.02.14	690,929	0.65%	1,222,974	1.15%	0	0.00%	Bachelor of Business Administration, Ming Chuan University; drop out EMBA degree, Tsing Hua University Financial Manager, BUTYL CORPORATION; Director, Stark Technology Inc.	Director Representative of Hua Chi Venture Capital Co., Ltd. Representative of a juristic person director, Stark Inforcom Inc., Chairman, Xianhua Investment Co., Ltd.	None	None	None	
Vice President of Banking and Enterprise Business Division, 68th Business Group	Taiwan (R.O.C.)	Chang Yen-Yuan	Male	2010.01.01	16,115	0.02%	0	0.00%	0	0.00%	Department of Business Administration, National Chung Cheng University	None	None	None	None	
Vice President of Integrated Application Service Division, 2nd Business Group	Taiwan (R.O.C.)	Hsu, Chun-Neng	Male	2010.01.01	0	0.00%	0	0.00%	0	0.00%	Business Department, Dayeh University, Senior Manager of MACHVISION, INC.	None	None	None	None	
Vice President of Central Business Division, 2nd Business Group	Taiwan (R.O.C.)	Lai, Yu-Hsuan	Male	2012.09.01	1,082	0.00%	0	0.00%	0	0.00%	Department of Information Management, Chung Yuan Christian University	Representative of a juristic person director, Ausenior Information Co., Ltd.	None	None	None	
Vice President, 1st Business Group	Taiwan (R.O.C.)	Yeh, Chien-Hsiung	Male	2012.09.01	8,000	0.01%	0	0.00%	0	0.00%	Department of Control Engineering, National Chiao Tung University, Sales Manager of MIRLE AUTOMATION CORPORATION	None	None	None	None	
Vice President of Enterprise Resource Integration and Application Division, 2nd Business Group	Taiwan (R.O.C.)	Chou, Chih-Wu	Male	2015.01.01	840	0.00%	0	0.00%	0	0.00%	Department of Asset Management, National Chiao Tung University, Assistant Manager, D-Link Corporation	None	None	None	None	
Vice President, Project Integration Business I, 2nd Business Group	Taiwan (R.O.C.)	Chen, Tien-Yu	Male	2015.01.01	0	0.00%	0	0.00%	0	0.00%	Institute of Business Studies, Tunghai University; Department of Electrical Engineering, Chung Yuan Christian University, Bond Trader of JihSun Securities	None	None	None	None	
Vice President of System Planning and Development Division, 68th Business Group	Taiwan (R.O.C.)	Zhuo, Ming	Male	2015.01.01	192	0.00%	0	0.00%	0	0.00%	Institute of Computer Science, American University, Vice President of Quan Hua Broadband; Network Vice President of Mandarin Chinese	None	None	None	None	

Title	Nationality or place of registration	Name	Gender	Date onboard	Shares held		Shares held by spouse or minor children		Shares held in the name of others		Selected professional qualification and education	Concurrent positions in other companies	Managerial officer who is a spouse or relative within two degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
											Network; Manager of Anyuan Computer Co., Ltd.					
Vice President, Enterprise Value-Adding and Maintenance Service Group I	Taiwan (R.O.C.)	Tsai, Yao-Chih	Male	2015.01.01	3,731	0.00%	0	0.00%	0	0.00%	Department of Electronic Engineering, National Taipei Institute of Technology, President, DAWNING TECHNOLOGY INC.	None	None	None	None	
Vice President of GT Business Division, 68th Business Group	Taiwan (R.O.C.)	Hsieh, Yu-Kuang	Male	2015.03.16	144	0.00%	0	0.00%	0	0.00%	Department of Civil Engineering, National Chung Hsing University, Manager of Ming-Chi Construction; Section Manager of Typhone Inc.; Manager of Guan Lun Development	None	None	None	None	
Vice President of System Integration Business Division, 2nd Business Group	Taiwan (R.O.C.)	Shih, Ping-Kuang	Male	2017.08.02	3,623	0.00%	0	0.00%	0	0.00%	Senior Executive Manager, School of Management, National Chung Cheng University Master's degree Department of Computing, Soochow University, Sales Specialist of Acer Incorporated	Supervisor, Cloud Intelligent Operation Technology Co., Inc	None	None	None	
Vice President, 5th Business Group	Taiwan (R.O.C.)	Li, Hsin-Yang	Male	2019.09.01	0	0.00%	0	0.00%	0	0.00%	Department of Information Management, National Central University, Manager, Yusong International, Product Planning Manager, Information Network, Project Manager, IQ Technology Inc.	None	None	None	None	
Vice President of Telecom and Enterprise Business Division, 68th Business Group	Taiwan (R.O.C.)	Ti, Yu-Cheng	Male	2015.01.01	160	0.00%	0	0.00%	0	0.00%	Department of Mathematics, National Tsing Hua University; Vice President of Stark Inforcom Inc.	Consultant of Stark Inforcom Inc.	None	None	None	
Vice President of Business Division II, 2nd Business Group	Taiwan (R.O.C.)	Chang, Huan-Chi	Male	2020.07.01	0	0.00%	0	0.00%	0	0.00%	Department of Asset Management, National Chiao Tung University, Vice Presidents of LEALEA TECHNOLOGY CO., LTD.; Executive Vice President of MULTICOM SYSTEM INTEGRATED LTD.	None	None	None	None	

Title	Nationality or place of registration	Name	Gender	Date onboard	Shares held		Shares held by spouse or minor children		Shares held in the name of others		Selected professional qualification and education	Concurrent positions in other companies	Managerial officer who is a spouse or relative within two degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Vice President, Information Planning Business Division	Taiwan (R.O.C.)	Kao, Jen-Chien	Male	2020.07.01	0	0.00%	0	0.00%	0	0.00%	Business Institute, Shih Chien University	None	None	None	None	
Vice President of Service Business Division, 68th Business Group	Taiwan (R.O.C.)	Ho, Mei-Yu	Female	2020.07.01	13,920	0.01%	0	0.00%	0	0.00%	Department of Tourism, Ming Chuan University	None	None	None	None	
Vice President of Banking and Enterprise Business Division 1, 68th Business Group	Taiwan (R.O.C.)	Huang, Chi-Hsiang	Male	2021.07.01	928	0.00%	0	0.00%	0	0.00%	Asset Management, Chung Yuan Christian University, Institute of Management Science, Tamkang University, Senior Division Chief of Stark Technology Inc.; Vice President of Stark Inforcom Inc.	None	None	None	None	
Vice President of Business I First Division, 2nd Business Group	Taiwan (R.O.C.)	Cheng, Hung-Chen	Male	2022.11.01	2,720	0.00%	0	0.00%	0	0.00%	Department of Asset Management, National Chiao Tung University, Sales of EVERELITE TECHNOLOGY (HK) CORPORATION LIMITED	None	None	None	None	
Vice President, Business Division 2, 68 Business Group	Taiwan (R.O.C.)	Li, Chun-Te	Male	2022.11.01	0	0.00%	0	0.00%	0	0.00%	Department of Information Management, Tamkang University	None	None	None	None	
Vice President, Enterprise Value-adding and Maintenance Service Group 2	Taiwan (R.O.C.)	Fan, Wen-Lung	Male	2022.11.01	7,000	0.01%	800	0.00%	0	0.00%	Department of Information Science, Chinese Culture University Acer Incorporated	None	None	None	None	
Vice President, New Business and Information Planning Division	Taiwan (R.O.C.)	Chi-Chiang Lin	Male	2023.08.10	23,000	0.02%	1,000	0.00%	0	0.00%	Master of Laws in Business Administration, National Taiwan University Vice President, Stark (Ningbo) Technology Inc.	None	None	None	None	Note 2

Note 1: The chairperson and president or person holding equivalent post (the highest level managerial officer) are the same person, spouses, or relatives within the first degree of kinship, an explanation must be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Considering the current scale and organization of the company, the Company's chairman is working concurrently as the CEO. This is reasonable and necessary because it not only contributes to consistency in decisions and execution power and it also enhances management efficiency. Both the chairman and each director can have sufficient communications on the company's current operation status and planning guideline so as to accomplish corporate governance and enhance the independence of the board of directors. There are plans to add the number of director seats in the

future in order to elevate the board’s duties and strengthen supervisory function. Currently, the Company already has the following measures: 1. Majority of the Board members are not concurrently an employee or managerial officer of the Company. 2. Yearly arrangements for the directors to participate in the director courses for continuing education so as to increase the operational effectiveness of the Board.

Note 2: Chih-Chiang Lin was promoted to Vice President on June 1, 2016, transferred to a subsidiary on March 1, 2017, and returned to office on August 10, 2023.

(III) Remuneration for directors, presidents, and vice presidents in the most recent year

Directors' remunerations

December 31, 2023

Title	Name	Directors' remuneration								Sum of A, B, C and D as a percentage of net income		Remuneration received by a Director who is also an employee of the Company								Sum of A, B, C, D, E, F, and G as a percentage of net income		Compensation received from reinvestment business or Parent Company
		Remuneration (A)		Severance pay and pensions (B)		Directors' remuneration (C)		Allowances (D)				Base Remuneration, Bonuses, and Allowances (E)		Severance pay and pensions (F)		Employee remuneration (G)						
																The Group		All companies in the financial statements				
		The Group	All companies in the financial statements	The Group	All companies in the financial statements	The Group	All companies in the financial statements	The Group	All companies in the financial statements	The Group	All companies in the financial statements	The Group	All companies in the financial statements	The Group	All companies in the financial statements	Cash amount	Stock amount	Cash amount	Stock amount	The Group	All companies in the financial statements	
Chairman	Liang, Hsiu-Chung	0	0	0	0	3,500 (NTD in thousand)	3,500 (NTD in thousand)	135 (NTD in thousand)	135 (NTD in thousand)	3,635 (NTD in thousand) 0.46%	3,635 (NTD in thousand) 0.46%	20,648 (NTD in thousand)	20,648 (NTD in thousand)	470 (NTD in thousand)	470 (NTD in thousand)	11,200 (NTD in thousand)	0	11,200 (NTD in thousand)	0	35,953 (NTD in thousand) 4.59%	35,953(NTD in thousand) 4.59%	1,765 (NTD in thousand)
Director	Chen, Kuo-Hung																					
Director	Liu, Hsien-Min																					
Director	Tseng, I-Shun																					
Director	Chen, Hsing-Chou																					
Director	Yu, Ming-Chang																					
Corporate Director Representative	Tsai, Hua-Cheng																					
Independent Director	Tsai, Kun-Liang	0	0	0	0	2,000 (NTD in thousand)	2,000 (NTD in thousand)	75 (NTD in thousand)	75 (NTD in thousand)	2,075 (NTD in thousand) 0.26%	2,075 (NTD in thousand) 0.26%	0	0	0	0	0	0	0	0	2,075 (NTD in thousand) 0.26%	2,075 (NTD in thousand) 0.26%	0
Independent Director	Lu, Jui-Wen																					
Independent Director	Yu, Yung-Hung																					
Independent Director	Tang, Ying-Hua																					

1. Please specify the policy, system, standards, and structure of the remuneration paid to Independent Directors, and specify the relation between the amount of remuneration paid and their responsibilities, risks assumed, time contributed, and other factors:
   According to the Company's Articles of Incorporation: when the Company makes a profit for the year, the remuneration to directors shall not be higher than 5% of the balance. the board of directors is authorized to determine the level of remuneration to directors based on individual participation and contribution to the Company's operations, and in reference to the usual level of industry peers.
   Independent directors are compensated primarily based on operating result and their individual contributions to the company's performance, which are positively related to the individual responsibilities for operation of the Company and overall performance. The Company has maintained operating and profit performance above a certain level, and exhibits relatively low risk. Independent directors are paid a fixed amount of compensation and allowances for the meetings attended. Compensation policies are examined whenever deemed appropriate to conform with actual operating conditions and relevant regulations and to seek the balance between the Company's sustainable operation and risk control.
2. In addition to the information disclosed in the above table, the remuneration received by the Company's Directors in the most recent fiscal year of service (including serving as the non-employee consultants of the Parent Company/all companies included in the financial statements/reinvestment businesses): NTD0 thousand.

Note: The Company's employee remuneration 2023 has not yet been processed before the printing of this annual report, which is a provisional estimate.
Note: The 2023 Director Remuneration was NTD 5,500,000.
Note: There is chauffeur arranged for the director. The chauffeur's total salary was NTD 532 thousand.
Note: Severance Pay and Pensions refer to the allocated amount for the 2023 Pension expenses and the pension paid by the company.

Remuneration range of Directors

Payment scale of remuneration to the Directors of the Company	Name of director			
	Sum of the first four compensations (A+B+C+D)		Sum of the first seven compensations (A+B+C+D+E+F+G)	
	The Group	All companies in the financial statements H	The Group	Parent company and all reinvested businesses I
Below TWD 1,000,000	Liang, Hsiu-Chung, Chen, Kuo-Hung, Liu, Hsien-Min, Tseng, I-Shun, Chen, Hsing-Chou, Yu, Ming-Chang, Tsai, Hua-Cheng, Tsai, Kun-Liang, Lu, Jui-Wen, Yu, Yung-Hung, Tang, Ying-Hua.	Liang, Hsiu-Chung, Chen, Kuo-Hung, Liu, Hsien-Min, Tseng, I-Shun, Chen, Hsing-Chou, Yu, Ming-Chang, Tsai, Hua-Cheng, Tsai, Kun-Liang, Lu, Jui-Wen, Yu, Yung-Hung, Tang, Ying-Hua.	Chen, Kuo-Hung; Yu, Ming-Chang; Tsai, Kun-Liang; Lu, Jui-Wen; Yu, Yung-Hung; Tang, Ying-Hua.	Chen, Kuo-Hung; Yu, Ming-Chang; Tsai, Kun-Liang; Lu, Jui-Wen; Yu, Yung-Hung; Tang, Ying-Hua.
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (non-inclusive)			Tsai, Hua-Cheng	Tsai, Hua-Cheng
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (non-inclusive)				
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (non-inclusive)				
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (non-inclusive)			Liu, Hsien-Min, Tseng, I-Shun, Chen, Hsing-Chou.	Liu, Hsien-Min, Tseng, I-Shun, Chen, Hsing-Chou.
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (non-inclusive)			Liang, Hsiu-Chung	Liang, Hsiu-Chung
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (non-inclusive)				
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (non-inclusive)				
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (non-inclusive)				
NTD 100,000,000 and above				
Total	11 persons	11 persons	11 persons	11 persons

President and Vice Presidents' remuneration

December 31, 2023

Title	Name	Salaries (A)		Severance pay and pensions (B)		Bonuses, and allowances (C)		Employee remuneration amount (D)				Sum of A, B, C and D as a percentage of net income (%)		Compensation received from reinvestment business or Parent Company
		The Group	All companies in the financial statements	The Group	All companies in the financial statements	The Group	All companies in the financial statements	The Group		All companies in the financial statements		The Group	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
CEO	Liang, Hsiu-Chung	52,628 (NTD in thousand)	52,628 (NTD in thousand)	2,743 (NTD in thousand)	2,743 (NTD in thousand)	28,296 (NTD in thousand)	28,296 (NTD in thousand)	26,465 (NTD in thousand)	0 (NTD in thousand)	26,465 (NTD in thousand)	0 (NTD in thousand)	110,132 (NTD in thousand) 14.06%	110,132 (NTD in thousand) 14.06%	1,765 (NTD in thousand)
Executive Vice President	Liu, Hsien-Min													
Executive Vice President	Tseng, I-Shun													
Executive Vice President	Chen, Hsing-Chou													
Vice President	Chu, Jui-Hua													
Vice President	Huang, Shun-An													
Vice President	Huang, Hsin-Chi													
Vice President	Chang Yen-Yuan													
Vice President	Hsu, Chun-Neng													
Vice President	Yeh, Chien-Hsiung													
Vice President	Lai, Yu-Hsuan													
Vice President	Chen, Tien-Yu													
Vice President	Chou, Chih-Wu													
Vice President	Tsai, Yao-Chih													
Vice President	Zhuo, Ming													

Vice President	Hsieh, Yu-Kuang													
Vice President	Shih, Ping-Kuang													
Vice President	Li, Hsin-Yang													
Vice President	Ti, Yu-Cheng													
Vice President	Kao, Jen-Chien													
Vice President	Chang, Huan-Chi													
Vice President	Ho, Mei-Yu													
Vice President	Huang, Chi-Hsiang													
Vice President	Cheng, Hung-Chen													
Vice President	Li, Chun-Te													
Vice President	Fan, Wen-Lung													
Vice President	Chi-Chiang Lin (Note)													

Note: The Company's employee remuneration figures for 2023 have not been processed before the printing of this annual report, which is a provisional estimate.
Note: There is chauffeur arranged for the managerial officer. The chauffeur’s total salary was NTD 532 thousand.
Note: Severance Pay and Pensions refer to the allocated amount for the 2023 Pension expenses and the pension paid by the company.
Note: Chih-Chiang Lin was promoted to Vice President on June 1, 2016, transferred to a subsidiary on March 1, 2017, and returned to office on August 10, 2023.

Table for the Range of President and Vice Presidents' Remuneration

Range of President and Vice Presidents' Remuneration	President and Vice Presidents' names	
	The Group	Parent company and all reinvested businesses E
Below TWD 1,000,000	Chi-Chiang Lin	Chi-Chiang Lin
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (non-inclusive)		
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (non-inclusive)	Cheng, Hung-Chen; Hsu, Chun-Neng; Chang, Huan-Chi; Shih, Ping-Kuang; Huang, Shun-An; Li, Chun-Te; Zhuo, Ming; Kao, Jen-Chien; Ti, Yu-Cheng; Li, Hsin-Yang; Huang, Hsin-Chi; Tsai, Yao-Chih; Fan, Wen-Lung; Chu, Jui-Hua	Cheng, Hung-Chen; Hsu, Chun-Neng; Chang, Huan-Chi; Shih, Ping-Kuang; Huang, Shun-An; Li, Chun-Te; Zhuo, Ming; Kao, Jen-Chien; Ti, Yu-Cheng; Li, Hsin-Yang; Huang, Hsin-Chi; Tsai, Yao-Chih; Fan, Wen-Lung; Chu, Jui-Hua
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (non-inclusive)	Yeh, Chien-Hsiung; Lai, Yu-Hsuan; Chang Yen-Yuan; Hsieh, Yu-Kuang; Huang, Chi-Hsiang; Ho, Mei-Yu	Yeh, Chien-Hsiung; Lai, Yu-Hsuan; Chang Yen-Yuan; Hsieh, Yu-Kuang; Huang, Chi-Hsiang; Ho, Mei-Yu
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (non-inclusive)	Tseng, I-Shun; Liu, Hsien-Min; Chou, Chih-Wu; Chen, Hsing-Chou	Tseng, I-Shun; Liu, Hsien-Min; Chou, Chih-Wu; Chen, Hsing-Chou
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (non-inclusive)	Liang, Hsiu-Chung; Chen, Tien-Yu.	Liang, Hsiu-Chung; Chen, Tien-Yu.
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (non-inclusive)		
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (non-inclusive)		
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (non-inclusive)		
NTD 100,000,000 and above		
Total	27 persons	27 persons

Note: Chih-Chiang Lin was promoted to Vice President on June 1, 2016, transferred to a subsidiary on March 1, 2017, and returned to office on August 10, 2023.

Names of the managerial officers for the employee remuneration distribution and the status of allocation of funds for remuneration

December 31, 2023

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income (%)
Managerial officers	Chairman and CEO	Liang, Hsiu-Chung	0 (NTD in thousand)	26,765 (NTD in thousand)	26,765 (NTD in thousand)	3.42%
	Director and Executive Vice President	Tseng, I-Shun				
	Director and Executive Vice President	Chen, Hsing-Chou				
	Director and Executive Vice President	Liu, Hsien-Min				
	Vice President	Chu, Jui-Hua				
	Vice President	Huang, Shun-An				
	Vice President	Huang, Hsin-Chi				
	Vice President	Chang Yen-Yuan				
	Vice President	Hsu, Chun-Neng				
	Vice President	Lai, Yu-Hsuan				
	Vice President	Yeh, Chien-Hsiung				
	Vice President	Chen, Tien-Yu				
	Vice President	Chou, Chih-Wu				
	Vice President	Tsai, Yao-Chih				
	Vice President	Zhuo, Ming				
	Vice President	Hsieh, Yu-Kuang				
	Vice President	Shih, Ping-Kuang				
	Vice President	Li, Hsin-Yang				

	Vice President	Ti, Yu-Cheng				
	Vice President	Kao, Jen-Chien				
	Vice President	Chang, Huan-Chi				
	Vice President	Ho, Mei-Yu				
	Vice President	Huang, Chi-Hsiang				
	Vice President	Cheng, Hung-Chen				
	Vice President	Li, Chun-Te				
	Vice President	Fan, Wen-Lung				
	Division chief	Huang, I-Tzu				
	Vice President	Chi-Chiang Lin				

Note: The Company's employee remuneration figures for 2023 have not been processed before the printing of this annual report, which is a provisional estimate.

Note: Chih-Chiang Lin was promoted to Vice President on June 1, 2016, transferred to a subsidiary on March 1, 2017, and returned to office on August 10, 2023.

(IV) Analysis of the ratio of total remuneration paid to the Directors, Supervisors, President, and Vice President in the most recent 2 years by the Company and all companies in the consolidated financial statements to the net income in the standalone financial report, and explanation of the remuneration policy, standards and combinations, procedures for determining remuneration, and their correlation with business performance and future risks:

1. Analysis of the total remuneration paid to the directors, supervisors, president, and vice presidents in the most recent 2 years as a percentage of net income:

Year / Item	2023	2022
Total director remuneration as a percentage of net income	4.85%	3.92%
Total supervisor remuneration as a percentage of net income (Note)	-%	-%
Total president and vice presidents remuneration as a percentage of net income	14.06%	14.19%

Note: 2019/5/29 changed to the appointment of the Audit Committee.

2. Description of the policies, criteria and composition of compensation; the procedures to determine compensation, and their interrelationship with business performance and future risks:

(1) According to Article 24 of the Company’s Articles of Incorporation, the board of directors is authorized to determine the level of remuneration to the chairman and directors based on individual participation and contribution to the Company's operations, with reference to the usual practice of industry peers and according to the earnings distribution method as stated in the Articles of Incorporation.

(2) Only the travel allowance and remuneration to directors were paid to the directors in cash and no variable compensation is paid.

(3) According to Article 23 of the Company’s Articles of Incorporation, if there is profit made for the fiscal year, the Company shall allocate a minimum of 3% as the employee remuneration and a maximum of 5% as the director remuneration. The recipients of the employee remuneration distribution must include the employees of subsidiaries who meet certain criteria. The board is given the authorization in determining the criteria. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first. The overall rewards for the managerial officers include fixed compensation and total variable pay. The Remuneration Committee is responsible for evaluating and determining the remuneration paid to the managerial officers by referencing industry practice, their academic and work experiences, the level of duties and responsibilities for the position, professional skills and so on. Performance evaluation is conducted for the reward by taking into account the contribution of the managerial officer to the company’s overall operations and the company’s overall operating performance. Aspects of the evaluation index consist of goal achievement rate, revenue, profitability, operation benefits, ethical management, legal compliance and so on comprehensive considerations which shall be approved by the chairman.

(4) Future risk: The Company has already purchased liability insurance for the directors and managerial officers.

III. Operations of Corporate Governance

(I) State of Board Operations

The number of times the Board meetings are held in the most recent year is 4 times (A). The attendance of the directors are as follows:

Title	Name	Actual attendance (B)	Attendances by proxy	In-person attendance rate (%) [B/A]	Remarks
Chairman	Liang, Hsiu-Chung	4	0	100%	
Director	Chen, Kuo-Hung	3	1	75%	
Director	Tseng, I-Shun	4	0	100%	
Director	Chen, Hsing-Chou	4	0	100%	
Director	Liu, Hsien-Min	4	0	100%	
Director	Yu, Ming-Chang	4	0	100%	
Corporate Director Representative	Tsai, Hua-Cheng	4	0	100%	
Independent Director	Tsai, Kun-Liang	3	1	75%	
Independent Director	Lu, Jui-Wen	4	0	100%	
Independent Director	Yu, Yung-Hung	4	0	100%	
Independent Director	Tang, Ying-Hua	4	0	100%	

Other matters that require reporting:

I. The matters stipulated in Article 14-3 of the Securities and Exchange Act and other resolved matters by the Board about which an independent director expresses an objection or reservation that has been included in records or stated in writing shall state the date, session, content of proposals, all of the independent directors' opinions and the Company's handling of the opinions of independent directors:

Board of Directors	Content of the Proposal and the Follow-up Process	Matters specified in Article 14-3 of the Taiwan Securities and Exchange Act	Expressed a dissenting opinion or qualified opinion by the independent director
11th Term The 4th session 2023/2/23	1. Approved the review of audit fees for CPAs employed by the Company. 2. Whether accounts receivable are considered lending funds in nature.	V V	

		Opinions of Independent Director: None. Treatment of the opinions of Independent Directors by the company: None. Resolution results: Passed by all attending directors.			
	11th Term The 5th session 2023/4/28	1. Passed the motion on the Company's accounts receivable meeting criteria and whether the funds other than the accounts receivable are of loans to others in nature. 2. Approval for the purchase of an office in Taoyuan by the company. Opinions of Independent Director: None. Treatment of the opinions of Independent Directors by the company: None. Resolution results: Passed by all attending directors.	V V		
	11th Term The 6th session 2023/7/28	1. Passed the motion on the Company's accounts receivable meeting criteria and whether the funds other than the accounts receivable are of loans to others in nature. 2. Approval for the purchase of a warehouse in Hsinchu by the company. 3. Approved the 2022 managerial officer employee remuneration distribution plan. Opinions of Independent Director: None. Treatment of the opinions of Independent Directors by the company: None. Resolution results: Passed by all attending directors.	V V V		
	11th Term The 7th session 2023/10/27	1. Passed the motion on the Company's accounts receivable meeting criteria and whether the funds other than the accounts receivable are of loans to others in nature. 2. Approved to establish the provisions of the Company's "Regulations Governing Finance and Business Related Operations Between Related Parties". 3. Approved the proposal for the lifting of the non-compete restriction for the Company's elected independent directors. Opinions of Independent Director: None. Treatment of the opinions of Independent Directors by the company: None. Resolution results: Passed by all attending directors.	V V V		

II. Recusal by directors for motions with conflicts of interests: The Board of Directors has passed the motion that directors shall recused themselves for motions on the remuneration distribution for managerial officers and employees, directors who are concurrently employees, and for the proposal to release the Company's directors from non-compete restriction with conflicts of interests. In addition, the Board of Directors Meeting Rules established by the Company has stipulated that the directors shall recused themselves from motions with personal conflicts of interests.

III. The publicly listed company shall disclose the evaluation cycle and period, evaluation scope, method, and evaluation content of the board of directors' self (or peer) evaluation. Please refer to section, (II) Implementation Status of the Evaluation of Board of Directors, on page 60.

IV. The objectives of enhancing the capabilities of the board of directors in the current year and the most recent year (such as the establishment of an audit committee and improvement of information transparency, etc.) and the assessment of implementation status:

1. The Company had approved the establishment of the Sustainable Development Committee and the Risk Management Committee on October 28, 2022 by the Board of Directors. For the operating status, please refer to pages 90~93 or the Company's website www.sti.com.tw.
2. The Company has already appointed the Audit Committee on 2019/5/29. The Board operations has become more systematic. The Board resolution matters and complete board meeting minutes are disclosed on the company website on the timely basis to enhance information transparency as required.
3. The Company's board has passed the appointment of the "Remuneration Committee" and has established the "Remuneration Committee Charter". Please refer to page 86, section (VII) The Composition, Responsibilities, and Operations of the Remuneration Committee.

3. The attendance (voting or non-voting) by the independent directors is as below:

Name	11th Term The 4th session	11th Term The 5th session	11th Term The 6th session	11th Term The 7th session
Tsai, Kun-Liang	Attendance in person	Attendance in person	Attendance in person	Attendance by proxy
Lu, Jui-Wen	Attendance in person	Attendance in person	Attendance in person	Attendance in person
Yu, Yung-Hung	Attendance in person	Attendance in person	Attendance in person	Attendance in person
Tang, Ying-Hua	Attendance in person	Attendance in person	Attendance in person	Attendance in person

(II) The board of directors' evaluation and implementation status:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Evaluation performed once a year	2023/01/01-2023/12/31	Board of Directors	Internal self-evaluation by the board of directors	A. Level of participation in company operations. B. Improve the decision-making quality of the board of directors. C. Composition and structure of the board of directors. D. Selection of directors and continuous education. E. Internal Control.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
	2023/01/01-2023/12/31	Board of Directors, each member of the board	Self-evaluation by board members	A. Understand the objectives and mission of the Company. B. Understand the directors' job responsibilities. C. Level of participation in company operations. D. Internal relationship management and communication. E. Professionalism and continuous education of directors. F. Internal Control.
	2023/01/01-2023/12/31	Audit Committee	Self-evaluation by the Audit Committee.	A. Level of participation in company operations. B. Understand the functional committee’s job responsibilities. C. Improve the decision-making quality of functional committee. D. Composition of functional committees and selection of committee members. E. Internal Control.
	2023/01/01-2023/12/31	Remuneration Committee Sustainable Development Committee Risk Management Committee	Self-evaluation by Remuneration Committee Self-evaluation by Sustainability Committee Self-evaluation by Risk Committee	A. Level of participation in company operations. B. Understand the functional committee’s job responsibilities. C. Improve the decision-making quality of functional committee. D. Composition of functional committees and selection of committee members.

(III) State of Audit Committee Operation:

1. In pursuit of sound board supervising responsibilities and strengthening of the board management mechanism, the company has on May 29, 2019 established the Audit Committee. The Audit Committee is formed by all of the four Independent Directors who convene meeting at least once a quarter. Professional qualifications and experiences of the members:

Criteria / Name	Professional qualifications and experiences
Lu, Jui-Wen (Convener)	Bachelor of Accounting, Soochow University. Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company’s business. A professional and technical personnel who have passed the national examination required to become certified public accountants. Experience: Senior Director, Ernst & Young. Current position: Certified Public Accountant of Diwan & Company. (About 26 years at the CPA firm, including about 14 years as a certified public accountant)

Criteria / Name	Professional qualifications and experiences
Tsai, Kun-Liang	Master's degree in Technology Management from Baker University and Bachelor in Mechanical Engineering from National Taiwan Ocean University. Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. Experience: CEO of Cheng Chung, Asia Pacific Sales Director of MEMC, Vice President of Electronics Business of Sino-Germany, Computer and Communication Research Laboratory of Taiwan Industrial Technology Research Institute. Current title: Commercial Representative and Senior Advisor of Gridtential Asia.
Yu, Yung-Hung	Ph.D. in Business Administration from University of California, Berkeley, a Ph.D. in Commerce from Sun Yat-Sen University, and MBA from Colorado State University . Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. Experiences: Consulting Partner, Ernst & Young, Executive Director, Ernst & Young Management Consulting Inc., Adjunct Professor, Wuhan University-Shenzhen Center for Industry-University-Research, Independent Director/Convener of Remuneration Committee/Member of New Business Investment Committee and Audit Committee of WPG Holdings . Current position: Independent Director/ Convener of Auditing Committee/ Member of Remuneration Committee, FULLERTON TECHNOLOGY CO., LTD., Consultant of Industrial Holdings Association, Consultant of Accounting Research Monthly, Independent Director of Trigold Holdings Limited. .
Tang, Ying-Hua	Electronics major, National Taipei Institute of Technology , MBA, Leiceter University, UK, EMBA, National Tsing Hua University, Ph.D., Department of Management, National Chiao Tung University. Possesses work experiences in commerce, law, finance and accounting or other fields as required by the company's business. Experience: Product Marketing Manager of UHC, Assistant Manager of Strategic Planning Department of United Microelectronics Corporation, President of Japan Branch Office of ITE Tech. Inc., President, Waltop International Corporation (before merger), President of Waltop International Corporation, The 2nd President of EMBA Alumni Association, National Tsing Hua University, The Vice Chairman of the 7th National Tsing Hua University Alumni Association. Current positions: Consultant of Waltop International Corporation; adjunct Assistant Professor at National Taiwan University; Chief of Corporate Collaboration and Corporate Mentoring, College of Science and Technology Management, National Tsing Hua University; President, Prosperity Association, College of Science and Management, National Tsing Hua University; Director, The 8th National Tsing Hua University Alumni Association, Director, The 8th EMBA Alumni Association, and National Tsing Hua University.

2. The duties of the Committee are as follows:

- Establish or amend the internal control system according to Article 14-1 of the Taiwan Securities and Exchange Act.
- Evaluate the effectiveness of the internal control system.
- Formulation or amendment to the procedures for the acquisition and disposal of assets, derivatives trading, lending funds to others, or providing endorsements/guarantees to others in accordance with Article 36-1 of the Securities and Exchange Act.
- Matters involving directors' own interests.
- Significant asset or derivatives trading.
- Significant loans or endorsements/guarantees to others.

- Fundraising for, issuance, or private placement of equity securities.
- Appointment, dismissal or remuneration of CPAs.
- Appointment and dismissal of financial or accounting managers or chief internal auditor.
- The annual financial report and half-year financial report.
- Other major matters stipulated by the Company or competent authorities.

3. Summary of work highlights:

<u>2023</u>

- Review of financial statements

  The Board has prepared the Company's 2022 Business Report, Financial Statements, and Earnings Distribution Plan. The financial statements have been audited by Ernst & Young, to which the firm has issued an independent auditor's report. The abovementioned Business Report, Financial Statements, and Earnings Distribution have been reviewed and approved by the Audit Committee.

  The Board of Directors prepared the 2023 Q1, Q2 and Q3 Financial Statements which have been reviewed by Ernst & Young, to which the firm has issued a review report. The Financial Statements have been reviewed and approved by the Audit Committee.
- Evaluation of the independence and competence of certified public accountants (CPA)
- Ernst & Young and its affiliates non-confirmation service.
- The effectiveness of the internal control system.

  Make judgements on the effectiveness of the design and implementation of the internal control system based on the evaluation results of the handling rules.
- Performance evaluation of the Audit Committee.
- Judgements on the lending of funds to others.
- Proposal for the purchase of an office in Taoyuan.
- Proposal for the purchase of a warehouse in Hsinchu.
- Amendment to the Company's "Regulations Governing Finance and Business Related Operations Between Related Parties".
- Lifting of the non-compete restriction for directors.
- Review of Auditing Fees

<u>2024</u>

- Review of financial statements
- Evaluation of the independence and competence of certified public accountants (CPA)
- Performance evaluation of the Audit Committee.
- The effectiveness of the internal control system.
- Review of Auditing Fees
- Judgements on the lending of funds to others.

The Audit Committee has convened 4 meetings (A) in the most recent year and the attendance (voting and none-voting) by the Independent Directors is as follows:

Title	Name	Actual attendance (B)	Attendances by proxy	In-person attendance rate (%) [B/A]	Remarks
Independent Director (Convener)	Lu, Jui-Wen	4	0	100%	
Independent Director	Tsai, Kun-Liang	3	1	75%	
Independent Director	Yu, Yung-Hung	4	0	100%	
Independent Director	Tang, Ying-Hua	4	0	100%	

Other matters that require reporting:

一、Where the Audit Committee's operation meets any of the following circumstances, the minutes concerned must clearly state the meeting date, term, contents of motions, opposing opinions of Independent Directors, reservations or major recommendations contents, results of the Audit Committee's resolutions, and the Company's handling of the Audit Committee's opinion:

(I) Matters specified in Article 14-5, Taiwan Securities and Exchange Act:

Audit Committee Date	Motion content	Resolution results of the Audit Committee
2nd Term, 4th Meeting, 2023/2/23	1. Review of audit fees for CPAs. 2. 2022 Internal control self-evaluation. 3. Whether accounts receivable and other accounts that meet the criteria are considered lending funds to others. 4. The 2022 Business Report and Financial Statements. 5. The 2022 Earnings appropriation plan. 6. Evaluation of the competence and independence of certified public accountants (CPA). 7. Ernst & Young and its affiliates non-confirmation service.	Approved by all attending committee members. Treatment of the opinions of Audit Committee by the company: None.
2nd Term, 5th Meeting, 2023/4/28	1. Whether accounts receivable and other accounts that meet the criteria are considered lending funds in nature. 2. Plan to purchase an office in Taoyuan. 3. 2023 Q1 Financial Statements.	Approved by all attending committee members. Treatment of the opinions of Audit Committee by the company: None.

2nd Term, 6th Meeting, 2023/7/28	1. Whether accounts receivable and other accounts that meet the criteria are considered lending funds in nature. 2. Proposal to purchase a warehouse in Hsinchu. 3. 2023 Q2 Financial Statements.	Approved by all attending committee members. Treatment of the opinions of Audit Committee by the company: None.
2nd Term, 7th Meeting, 2023/10/27	1. Whether accounts receivable and other accounts that meet the criteria are considered lending funds in nature. 2. 2023 Q3 Financial Statements. 3. Proposition for the lifting of the non-compete restriction for the Company's elected independent directors. 4. Established the provisions of the Company's "Regulations Governing Finance and Business Related Operations Between Related Parties". 5. Proposal to approve the audit plan for 2024.	Excluding the members with conflicts of interest involved in the 4. case who recused themselves from discussion and voting, the remaining attending committee members approved the treatment of the opinions of Audit Committee by the company: None.

(II) Other than the abovementioned issues, the matters failed to be passed by the Audit Committee, but resolved with consents of more than two third of all directors: None.

II. For the implementation of the independent director's recusal from proposals with conflicts of interest, the name of the independent director, the content of the proposal, the reason for the recusal, and the situation of participation in the voting shall be specified:

Date of the Audit Committee Meeting	Name of director	Motion content	Reason for recusal due to conflicts of interest	Participation in voting
October 27, 2023 (2th Term, 7th Meeting)	YU, YUNG-HONG	The proposal to release the Company's directors from non-compete restriction	Related to personal conflicts of interest	Recused from discussion and voting in accordance with the law

III. The communication between the Independent Directors and the Chief Internal Auditor and the certified public accountants (including the communications related to the financial position and state of operation of the Company, in materiality, the means of communications, and the result).

(I) The Company has appointed the Audit Committee on May 29, 2019. The Chief Internal Auditor communicates with the Audit Committee at least once a year on the outcomes of the audit report, except where there are special circumstances, he/she will report to the Audit Committee immediately. There have been no abovementioned special circumstances in the year 2023. The state of communications between the Company's Audit Committee and the Chief Internal Auditor is in good state.

Matters for communications between the independent directors and the internal chief auditor are as shown in the table below:

Date of Meeting	Matters for communications with the internal chief auditor
February 23, 2023 (11th Term, 4th Meeting)	• 2022 Statement of Internal Control System • 2022 Self-Evaluation of Internal Control System • 2022 Actual Implementation of Audit Plan • Audit items of the 2022 Audit Plan • Explanation of the 2023 Audit Plan
April 28, 2023 (11th Term, 5th Meeting)	• Improvements to the 2022 Internal Control Defects and Abnormalities • Audit items of the 2023 Audit Plan • ISO 27001 Audit Plan • External audit plan and results
July 28, 2023 (11th Term, 6th Meeting)	• Explanation of ISO 27001 Audit Results and Revised Operational Procedures • Audit items of the 2023 Audit Plan • Audit Outcomes for Subsidiaries • External audit plan and results
October 27, 2023 (11th Term, 7th Meeting)	• Audit items of the 2023 Audit Plan • 2024 Audit Plan Filing • External audit plan and results
Outcomes: The aforementioned matters have been reviewed or approved by the Audit Committee and there are no objections by the independent directors.	

Note: The tenure of the 10th independent directors is from May 29, 2019 to May 28, 2022.
The tenure of the the 11th independent directors is from May 27, 2022 to May 26, 2024.

(II) Where necessary during the independent auditor review each year, we will initiate to provide related information to the Independent Directors for reference for at least once a year. The state of communications between the Company's Audit Committee and the accountant is in good state.

Matters for communications between the Independent Directors and accountant are as shown in the table below:

Date of Meeting/Attending personnel	Motion content	Communication method	Communication outcome
2023.02.23 Attendees: All Independent Directors, CPA Hsu, Hsin-Min of Ernst & Young and Manager Chen Ying-Chun	1. Independence of CPA 2. Contents of the customer declaration 3. Significant risks (key audit matters) 4. Reporting on the execution and outcomes of the internal control test 5. Views on significant qualitative aspects of accounting practice 6. Expected audit opinion of CPA in 2022 7. Main revisions to International Code of	Meeting presentation	1. Have understood the rules on CPA independence. 2. Have understood the contents of the customer declaration. 3. Have understood the contents of the key audit matters.

		Ethics for Professional Accountants (IESBA Code)		4. Have understood the execution and outcomes of the internal control test. 5. Have understood the views on significant qualitative aspects of accounting practice. 6. Have understood the expected audit opinion of financial report. 7. Have understood the contents of the IESBA Code. There are no other opinions by the Independent Directors in this meeting.	
	2023.7.28 Attendees: All Independent Directors, CPA Hsu, Hsin-Min of Ernst & Young and Manager Ni Chu-Chun	1. Independence of CPA 2. Newly-added declaration items in the customer declaration 3. Review scope of the Group 4. Views on materiality aspects of accounting practice 5. Review report issued by the CPA	Meeting presentation	1. Have understood the rules on CPA independence. 2. Have understood the newly-added items in the customer declaration. 3. Have understood the review scope of the Group. 4. Have understood the views on significant qualitative aspects of accounting practice.	

				5. Have understood the expected review opinion of financial report. There are no other opinions by the Independent Directors in this meeting.	

(IV) The governance status of the Company, and the differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
I. Does the Company stipulate and disclose the corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company has already established the corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and has disclosed them on the MOPS and company website.	No significant differences.
II. The shareholding structure of the Company and shareholders' rights and interests				
(I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(I) The Company has already appointed a spokesperson and acting spokesperson unit to handle shareholders' suggestions or disputes.	No significant differences.
(II) Does the Company possess a list of major shareholders and ultimate controllers of these major shareholders?	V		(II) The Company gets hold of these information on its directors, managerial officers and major shareholders with more than 10% stakes at all times and files the shareholding of its major shareholders in a timely manner.	No significant differences.
(III) Has the Company built and implemented risk control and firewall mechanism with the related companies?	V		(III) The finance and business of the Company and its affiliates are separate and independent operations.	No significant differences.
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(IV) The Company has already established the "Procedures for Handling Material Internal Information" to prevent insider trading from occurring. There is also regular review of the Procedures to meet the requirements of current laws and practical management. The Procedures have been	No significant differences.

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			announced on the company website for reference by managerial officers and employees at all times.	
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors established a diversity policy, set goals, and implemented them accordingly?	V		(I) The Company has established the "Corporate Governance Best Practice Principles." The board members composition shall take into account of diversity and its operation, operation pattern and development needs along with the basic conditions (gender, age, nationality and culture) and professional background, technical skills and industry experiences and so on aspects of diversity. Each Board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the Board should have the following skills as a whole: I. Business judgment. II. Accounting and financial analysis. III. Business management. IV. Crisis management. V. Industry knowledge. VI. International perspective. VII. Leadership. VIII. Strategic decisions. Each of the Company's director possesses different expertise which is very helpful to the company's development and operations. Please refer to page 40 on Diversity and Independence of the Board of Directors for related explanations.	No significant differences.
(II) Does the Company have plans to appoint other functional committees on a voluntary basis other	V		(II) The Board of Directors of the Company has approved the appointment of the following committees and the	No significant differences.

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
than the appointment of the Remuneration Committee and Audit Committee which are required by law?			establishment of their charters. They are the "Remuneration Committee", "Audit Committee", "Sustainable Development Committee"and "Risk Management Committee" and stipulated the "Remuneration Committee Charter", "Audit Committee Charter", "Sustainable Development Committee Charter" and "Risk Management Committee Charter". Their tenure and appointment is the same to that of the Board of Directors. For more information, please refer to page 86 on section (VII) The Composition, Responsibilities, and Operations of the Remuneration Committee, page 90 on section (VIII) The Composition, Responsibilities, and Operations of the Remuneration Committee, page 92 on section (IX) The Composition, Responsibilities, and Operations of the Risk Management Committee, and page 61 on section (III) State of Audit Committee Operation, or visit the Company's website, www.sti.com.tw.	
(III) Does the Company stipulate performance assessment Board of Directors Performance Evaluation Method and conduct the performance assessment on a yearly basis, and was the result of performance assessment reported to the board of directors as a reference for individual directors' salary and nomination of reappointment?	V		(III) The Company's Board of Directors had on December 28, 2015 approved the establishment of the "Board of Directors Performance Evaluation Method", and had on October 31, 2019 established the "Regulations Governing Performance Evaluation of the Board of Directors and Functional Committee". the performance evaluation of the Board of Directors is conducted at the end of December each year. Each director will also have to conduct self-evaluation for themselves and the performance evaluations for the functional committees, namely, the Audit	No significant differences.

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			Committee and the Remuneration Committee and the Sustainable Development Committee and Risk Management Committee. The measurement items for the overall evaluation of the Company's Board of Directors consist of the following five major aspects: (1) Level of participation in company operations. (2) Improve the decision-making quality of the board of directors. (3) Composition and structure of the board of directors. (4) Selection of directors and continuous education. (5) Internal control. The measurement items for the performance evaluation of the Board members consist of the following six major aspects: (1) Understand the objectives and mission of the Company. (2) Understand the directors' job responsibilities. (3) Level of participation in company operations. (4) Internal relationship management and communication. (5) Professionalism and continuous education of directors. (6) Internal control. The measurement items for the performance evaluation of the Audit Committee consist of the following five major aspects: (1) Level of participation in company operations. (2)Understand the functional committee's job responsibilities. (3)Improve the decision-making quality of functional	

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			committee. (4) Composition of functional committees and selection of committee members. (5) Internal control. The performance evaluation items of the Remuneration Committee, sustainable development committee and Risk Management Committee include the following four aspects: (1) Level of participation in company operations. (2)Understand the functional committee's job responsibilities. (3)Improve the decision-making quality of functional committee. (4) Composition of functional committees and selection of committee members. The abovementioned aspects are evaluated using the survey form method. The evaluation results are a basis for reference in the selection of directors. The evaluation results are divided into five levels: 1: Very poorly (Strongly disagree); 2: Poor (disagree); 3: Mid-level (Average); 4: Good (Agree); 5: Excellent (Strongly agree). Adopt the evaluation by the director on the operation of the board of directors, the director's self-evaluation of his/her participation, the evaluation by the audit committee member on the operation of the committee, and the evaluation by the remuneration committee member, the sustainable development committee, and the risk	

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			management committee on the operation of the committee. In January 2024, our company completed the evaluation of the Board of Directors, director performance, Audit Committee, Remuneration Committee, sustainable development committee, and Risk Management Committee. The evaluations for this year were all excellent, and the results were reported at the board meeting on February 29, 2024. The directions for continued strengthening will be proposed for the year 2024.	
(IV) Does the Company regularly evaluate its external auditors' independence?	V		(IV) The Audit Committee assesses the independence and suitability of its assigned CPAs regularly every year. In addition to obtaining the Declaration of Independence and the AQIs provided by the CPAs, the Committee makes evaluation using the assessment items in the following table to confirm that the standards are not violated and refer to AQI's 13 indicators. According to the Company's evaluation on several indicators, the firm's ratio of professional support to the audit department is higher than that of its peers, and the ratio of communication from the competent authority on defects is 0%. The Company will continue to strengthen internal quality review procedures and promote digital auditing to improve audit quality. The evaluation results of the most recent year were discussed and approved by the Audit Committee on February 29, 2024 and were submitted for the resolution of the Board of Directors passed on February 29, 2024 on the independence and suitability evaluation of the CPAs.	No significant differences.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
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<table>
<tr><th>Item</th><th>Yes</th><th>No</th></tr>
<tr><td>1. Obtained the Statement of Independence issued by the CPAs.</td><td>V</td><td></td></tr>
<tr><td>2. The latest independent audit service has not passed the seventh year and there must be a two year interval before returning to provide the service.</td><td>V</td><td></td></tr>
<tr><td>3. The CPA has not served as a director, supervisor, managerial officer of the company or subsidiaries or has held positions with significant influences to the audit work.</td><td>V</td><td></td></tr>
<tr><td>4. The CPA is not a spouse or relative within the second degree of kinship with the directors.</td><td>V</td><td></td></tr>
<tr><td>5. The CPA does not hold any shares of the Company or the subsidiaries.</td><td>V</td><td></td></tr>
<tr><td>6. The CPA does not have direct or indirect material financial interests relationship with the Company.</td><td>V</td><td></td></tr>
<tr><td>7. The CPA must not be in a relationship of joint investments or profit sharing with the Company.</td><td>V</td><td></td></tr>
<tr><td>8. There are no loans between the CPA and the company.</td><td>V</td><td></td></tr>
<tr><td>9. The CPA is not doing regular work concurrently for the Company or affiliates receiving fixed salaries.</td><td>V</td><td></td></tr>
<tr><td>10. The CPA has not defend the Company in legal actions or negotiate the conflicts with any third party</td><td>V</td><td></td></tr>
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Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			on behalf of the Company. 11.The CPA is not involved in the management duties in strategic decisions of the Company or affiliates. V	
IV. Does the listed company have qualified and sufficient corporate governance personnel, and does the company have a corporate governance officer to be responsible for matters regarding corporate governance (including but not limited to providing Directors and Supervisors with information required for the implementation of business operations, assisting Directors and Supervisors to comply with laws and regulations, preparing meeting-related matters and meeting minutes for the Board of Directors meeting, shareholders' meeting and so forth in accordance with the laws and regulations)?	V		To guarantee the shareholders' interests and to enhance the board duties and authority, the Company's Board has on October 28, 2022 passed the resolution on the following: The Director of the Finance and Accounting Center, Huang, I-Tzu, to take up the role of the Company's Corporate Governance Officer. He possesses management experiences of public companies in finance, stock affairs and meeting affairs for more than 3 years. The main duties of the corporate governance officer is to process related matters to the board and shareholders' meetings in pursuant to the laws. They are: Preparing meeting minutes of the board and shareholders' meetings, support the directors onboard and continuing education, provide the information needed by the directors for execution of work, and support the directors to comply with the laws.	No significant differences.

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			The 2023 execution are as follows: 1. Process board meeting related matters and prepare the meeting minutes according to the laws. 2. Review the board resolutions to determine their materiality for announcement. 3. Support the directors in continuing education (its state of learning has been filed on the MOPS). 4. Support the shareholders' meeting procedures and resolutions for legal compliance. 5. Process the pre-registration before the shareholders' meeting date and prepare the meeting notice, handbook and meeting minutes within the statutory deadline, and process the change registration affairs after the amendments of the Articles of Incorporation and the re-election of directors. 6. Promote the corporate governance index goals, and review the key items for scoring in the corporate governance evaluation index for each term. 7. Arrange the communications between the independent directors, and the CPAs and the Chief Internal Auditor. 8. Purchasing of liability insurance for directors and managerial officers. 9. Review on the suitability of the qualifications of independent directors. Please refer to pages 81-85 of this annual report for further information on the status of continued education in 2023.	

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
V. Has the company established channels for communications with the stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a section for stakeholders on the official website of the company with proper response to the concerns of the stakeholders on issues related to corporate social responsibility?	V		The Company has appointed the spokesperson and acting spokesperson. Related contact information as well as the finance and stock affairs related information have been announced on the MOPS and posted on the company website according to the regulations. This helps to build a good communication channel with the investors.	No significant differences.
VI. Has the company contracted a professional stock affairs agency to handle the shareholders' meeting related affairs?	V		The Company has appointed a professional stock "affairs agency The Stock Affairs Department of Yuanta Securities Co., Ltd." to handle various stock matters of the Company and has established the "Regulations Governing the Management of the Stock Affairs Process".	No significant differences.
VII. Information Disclosure (I) Does the Company create a website to disclose information regarding its finance, business operations and corporate governance?	V		(I) The Company has made announcement and filed its financial business and corporate governance matters on the MOPS and company website simultaneously according to the laws.	No significant differences.
(II) Does the Company adopt other methodology of information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, and uploading videos of the investor conferences on the company's website)?	V		(II) The Company has created an English language website and has appointed dedicated personnel to be responsible for the collection and releasing of various company information. Information relating to the spokesperson system has also been appointed accordingly.	No significant differences.
(III) Does the Company announce and declare the annual financial statements within two months	V		(III) The Company has announced and declared the annual financial statements within two months after the end of th	No significant differences.

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
after the end of the fiscal year and announce and declare the financial reports of the first, second and third quarters as well as the monthly operating report before the deadline?			fiscal year and announced and declared the financial reports of the first, second and third quarter as well as the monthly operating report before the deadline.	
VIII. Does the Company have other important information that can help in gaining a better understanding about the operations of corporate governance (including but not limited to the employees' rights, employee care, investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company)?	V		The Company and subsidiaries value the opinions of its stakeholders, such as, shareholders, employees, customers, and suppliers. We have created a comprehensive two-way communication platform, such as, hotlines, emails, opinion mailboxes. Each year, we will publish the corporate sustainability report, disclose the economic, environment and social aspects information on the MOPS and the Company's website under the section on Corporate Sustainable Development and Stakeholders' Section (Website: http://www.sti.com.tw). (I) Employee rights and care for employees: Please refer to page 196. (II) Investor relation To establish a strong governance system and sound supervisory capabilities for the Company's Shareholders' Meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The Rules for Shareholders' Meeting is also established accordingly. (III) Supplier relation The Company requests its suppliers with dealings to sign the "Integrity Commitment" mandatorily.	No significant differences.

Evaluation Item	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			(IV) Rights of stakeholders The Company has already established the Codes of Ethical Conduct to guide the Company's directors, supervisors and managerial officers to meet the ethical standard and to enable the stakeholders of the Company to better understand our ethical standard. (V) State of the directors' continuing education The Company is eager in encouraging its directors to participate in the continuing education. Please refer to page 81-82 for its current status. (VI) State of the managerial officers' continuing education Please refer to page 83-85 for details. (VII) The state of purchasing the liability insurance for directors and managerial officers by the company The Company's Articles of Incorporation stipulated that the liability insurance must be purchased for the directors and managerial officers. The scope of the insurance is to be reported to the Board meeting and filed on the MOPS.	
IX. Please discuss the improvements made based on the latest annual corporate governance evaluation results released by the Taiwan Stock Exchange Corporation's Corporate Governance Center, as well as the priority enhancement items and measures for aspects not yet improved: The Company added disclosure of TCFD-related information in 2023.. In the future, we will continue to increase English language information disclosure depending on the ratio of foreign investors in the shareholding structure.				

(V) State of director continuing education:

Title	Name	Number of hours (hr)	Start date	End date	Organizing unit	Course name	Total number of hours for continuing education in the year
Chairman	Liang, Hsiu-Chung	3	2023/08/09	2023/08/09	Corporate Governance Association in Taiwan	Evaluation Introduction and Related Evaluation Agendas	6 hours
Chairman	Liang, Hsiu-Chung	3	2023/11/08	2023/11/08	Corporate Governance Association in Taiwan	Offensive and defensive strategies for non-desirable mergers and acquisitions and legal compliance issues	
Director	Chen, Kuo-Hung	3	2023/08/09	2023/08/09	Taiwan Investor Relations Institute	Strategies for corporate management and crisis management in news.	6 hours
Director	Chen, Kuo-Hung	3	2023/11/09	2023/11/09	Taiwan Investor Relations Institute	Analysis of the 2023 new edition of corporate governance and board performance evaluation practices.	
Director	Tseng, I-Shun	6	2023/11/01	2023/11/01	Accounting Research and Development Foundation	Audit and control practices of internal audit personnel on 'information security.'	6 hours
Director	Chen, Hsing-Chou	6	2023/07/04	2023/07/04	Cathay Financial Holding and subsidiaries and Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6 hours
Director	Liu, Hsien-Min	3	2023/06/09	2023/06/09	Securities and Futures Institute (SFI Taiwan)	2023 Insider Trading Prevention Conference	6 hours
Director	Liu, Hsien-Min	3	2023/07/04	2023/07/04	Cathay Financial Holding and subsidiaries and Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	
Director	Yu, Ming-Chang	3	2023/08/17	2023/08/17	Securities and Futures Institute (SFI Taiwan)	Introduction to short-term trading of insiders and case study	6 hours

Title	Name	Number of hours (hr)	Start date	End date	Organizing unit	Course name	Total number of hours for continuing education in the year
Director	Yu, Ming-Chang	3	2023/11/15	2023/11/15	Securities and Futures Institute (SFI Taiwan)	2023 Legal Compliance Introduction on Insider Equity Transactions	
Legal representative director	Tsai, Hua-Cheng	3	2023/09/19	2023/09/19	Securities and Futures Institute (SFI Taiwan)	How the Board of Directors Use OKR to Improve Corporate Governance Efficiency	6 hours
Legal representative director	Tsai, Hua-Cheng	3	2023/10/04	2023/10/04	Securities and Futures Institute (SFI Taiwan)	2024 Economic Outlook and Industry Trends	
Independent Director	Tsai, Kun-Liang	3	2023/06/02	2023/06/02	Securities and Futures Institute (SFI Taiwan)	2023 Insider Trading Prevention Conference	6 hours
Independent Director	Tsai, Kun-Liang	3	2023/11/29	2023/11/29	Securities and Futures Institute (SFI Taiwan)	2023 Legal Compliance Introduction on Insider Equity Transactions	
Independent Director	Lu, Jui-Wen	6	2023/07/04	2023/07/04	Cathay Financial Holding and subsidiaries and Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6 hours
Independent Director	Yu, Yung-Hung	3	2023/08/10	2023/08/10	Taiwan Institute of Directors	Breaking out of the organizational framework - Organizational strategy and key talent development	6 hours
Independent Director	Yu, Yung-Hung	3	2023/11/08	2023/11/08	Independent Directors Association of Taiwan	The Application and Challenges of Generative AI from the Perspective of ChatGPT	
Independent Director	Tang, Ying-Hua	9	2023/08/17	2023/08/18	Corporate Governance Association in Taiwan	Net Zero Sustainable Talent Development Program (Northern Region) - Corporate strategies for low-carbon transformation	9 hours

(VI) State of continuing education for managerial officers:

Title	Name	Number of hours (hr)	Start date	End date	Organizing unit	Course name	Total number of hours for continuing education in the year
CEO	Liang, Hsiu-Chung	3	2023/08/09	2023/08/09	Corporate Governance Association in Taiwan	Evaluation Introduction and Related Evaluation Agendas	6 hours
CEO	Liang, Hsiu-Chung	3	2023/11/08	2023/11/08	Corporate Governance Association in Taiwan	Offensive and defensive strategies for non-desirable mergers and acquisitions and legal compliance issues	
Executive Vice President	Tseng, I-Shun	6	2023/11/01	2023/11/01	Accounting Research and Development Foundation	Audit and control practices of internal audit personnel on 'information security.'	6 hours
Executive Vice President	Chen, Hsing-Chou	6	2023/07/04	2023/07/04	Cathay Financial Holding and subsidiaries and Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	6 hours
Executive Vice President	Liu, Hsien-Min	3	2023/06/09	2023/06/09	Securities and Futures Institute (SFI Taiwan)	2023 Insider Trading Prevention Conference	6 hours
Executive Vice President	Liu, Hsien-Min	3	2023/07/04	2023/07/04	Cathay Financial Holding and subsidiaries and Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	
Accounting Manager/Financial Manager/Corporate Governance Manager	Huang, I-Tzu	3	2023/03/23	2023/03/23	Accounting Research and Development Foundation	ISSB Standard S1 'General Requirements for Disclosure of Sustainability-related Financial Information'	48 hours
Accounting Manager/Financial Manager/C	Huang, I-Tzu	6	2023/03/29	2023/03/29	Accounting Research and Development Foundation	Common Defects of "Financial Report Review" and Important Internal Control Regulations	

Title	Name	Number of hours (hr)	Start date	End date	Organizing unit	Course name	Total number of hours for continuing education in the year
orporate Governance Manager						Analysis	
Accounting Manager/ Financial Manager /Corporate Governance Manager	Huang, I-Tzu	6	2023/05/30	2023/05/30	Accounting Research and Development Foundation	Enhancing practical measures for the 'three lines of defense' in internal control	
Accounting Manager/ Financial Manager/ Corporate Governance Manager	Huang, I-Tzu	3	2023/06/09	2023/06/09	Securities and Futures Institute (SFI Taiwan)	2023 Insider Trading Prevention Conference	
Accounting Manager/ Financial Manager/ Corporate Governance Manager	Huang, I-Tzu	12	2023/06/15	2023/06/16	Accounting Research and Development Foundation	Continuous education classes for issuer, broker, and stock exchange accounting managers	
Accounting Manager/ Financial Manager/ Corporate Governance Manager	Huang, I-Tzu	12	2023/09/11	2023/09/11	Accounting Research and Development Foundation	Continuous education classes for issuer, broker, and stock exchange accounting managers	

Title	Name	Number of hours (hr)	Start date	End date	Organizing unit	Course name	Total number of hours for continuing education in the year
Accounting Manager/ Financial Manager/ Corporate Governance Manager	Huang, I-Tzu	3	2023/11/15	2023/11/15	Securities and Futures Institute (SFI Taiwan)	2023 Legal Compliance Introduction on Insider Equity Transactions	
Accounting Manager/ Financial Manager/ Corporate Governance Manager	Huang, I-Tzu	3	2023/11/28	2023/11/28	Securities and Futures Institute (SFI Taiwan)	Compilation of IFRS financial statements: regulations and analysis of significant issues	

(VII) The composition, responsibilities, and operations of the Remuneration Committee

(A) Information of remuneration committee members

December 31, 2023

Identity (Note 1)	Name	Professional qualifications and experiences (Note 2)	State of Independence (Note 3)	Number of concurrent remuneration committee member posts to other public companies
Independent Director	Tsai, Kun-Liang (Convener)	Please refer to page 29~40 for details in section 4. Information Disclosure of the Director's Professional Qualifications and Independence of Independent Directors.	Each of the committee member maintains his/her independence qualification during the tenure and is not in any of the circumstances as stated in paragraph 1, Article 6 of the duties regulation. (Note 4) Did not receive compensation from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years. There have been no occurrence of events as described under Article 30 of the Company Act.	0
Independent Director	Lu, Jui-Wen			0
Independent Director	Yu, Yung-Hung			2
Independent Director	Tang, Ying-Hua			0

Note 1: Please provide the specific details in the form for the number of working years, professional qualifications and experiences and independence status of the Company's Remuneration Committee members. If about the independent director, can add a note to refer to Page 00, Table 1 Directors and Supervisors' Information (I) for related contents. Please fill in independent director or others (please add a note for convener) under the identity column.

Note 2: Professional qualifications and experiences: Describe the professional qualifications and experiences of the individual members of the Remuneration Committee.

Note 3: Meeting the independence status: Describe the Remuneration Committee member's state of independence, including but not limited to whether the independent director, his/her spouse, and relatives within the second degree of kinship are acting as the director, supervisor or employee of the Company or its affiliated enterprise; The number of shares and percentage held by the independent director, his/her spouse, and relatives within second degree of kinship (or in the name of others); whether the independent director is acting as the director, supervisor or employee of a designated company that has specified relationship with the Company (refer to subparagraphs 5~8 , paragraphs 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the compensation amount from providing business, legal, finance, or accounting services to the Company or its affiliates in the most recent 2 years.

Note 4: There have been none of the circumstances below during the 2 years before the election and during the tenure period:

(1) An employee of the Company or its affiliates.

(2) A director or supervisor of the Company or its affiliates.

(3) Holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.

(4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a managerial officer under subparagraph (1) or any of the persons in subparagraph (2) and (3).

(5) A director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director of the Company under Article 27 of the Company Act.

(6) A director, supervisor, or employee of another company in which a majority of the director seats or voting shares are controlled by the same person as in this Company.

(7) The chairman, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses who is a director (or governor), supervisor, or employee of that other company or institution.

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

(9) A professional individual, or an owner, partner, director (or governor), supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider has received cumulative compensation exceeding NT$500,000 in the most recent 2 years, or a spouse thereof. This does not apply to members of the Remuneration Committee of the Company.

(B) Duties of the remuneration committee members

The members must have the loyalty and must exercise the due care of a good administrator in conducting the job responsibilities and submit the suggestions to the Board of Directors for discussion.

1. Review of Directors' and managerial officers' performance assessment and compensation policies, systems, standards, and structures on a regular basis.
2. Regular assessment of the remuneration for Directors and managerial officers.

The Remuneration Committee regularly reviews the remuneration policy and plan of the Company to ensure to attract, encourage and retain professional talents needed by the company.

(C) Implementation Status of the Remuneration Committee

1. The Remuneration Committee of the Company is composed of four persons.
2. The term of office of the fifth committee: from June 8, 2022 to May 26, 2025.

The Remuneration Committee held two meetings in the most recent year(A).
Qualifications and attendance of the committee members:

Title	Name	Actual (and non-voting) attendance (B)	Attendances by proxy	Actual (and non-voting) attendance rate (%) [B/A]	Remarks
Convener	Tsai, Kun-Liang	2	0	100%	Appointment on June 8, 2022
Committee member	Lu, Jui-Wen	2	0	100%	Appointment on June 8, 2022
Committee member	Yu, Yung-Hung	2	0	100%	Appointment on June 8, 2022
Committee member	Tang, Ying-Hua	2	0	100%	Appointment on June 8, 2022

Other matters that require reporting:

I. When the Board of Directors rejects or modifies the recommendations made by the Remuneration Committee, please state the date and session of board meeting, the proposal, board resolutions, and settlement on the opinions of Remuneration Committee members (if the salary and compensation approved by board are superior to that recommended by the Remuneration Committee, please specify the differences and causes): None.

II. When there are objections or qualified opinions for the records or with written statements of Remuneration Committee members to committee resolutions, state the date and session of the committee meeting, the proposal, and the settlement of the opinions for and against the resolution: None.

III. Implementation Status of the Remuneration Committee:

Remuneration Committee	Content of the Proposal and the Follow-up Process	Resolution outcomes	Treatment of the opinions of Remuneration Committee by the company
5th Term 4th Time 2023/2/23	1. Review the 2022 employee and director remuneration distribution 2. The review and approval of the appropriation list for the pension of the appointed managerial officers	Approved by all attending committee members	Proposed to the Board and passed by all attending directors.

	5th Term 5th Time 2023/7/28	1. The 2022 managerial officer remuneration distribution plan 2. Appointment of managerial officer	Approved by all attending committee members	Proposed to the Board and passed by all attending directors.	

(VIII) The composition, responsibilities and operations of the Sustainable Development Committee:

(A) Information of Sustainable Development Committee Members

The Company established the Sustainable Development Committee in October 2022. The committee is composed of two independent directors and the head of the Human Resources Center. For the professional qualifications and experience of the committee chairpersons, Independent Directors, Yu, Yung-Hung, and Independent Directors, Lu, Jui-Wen, please refer to Page 29~40 of 4. Information Disclosure of the Director's Professional Qualifications and Independence of Independent Directors.

Name of Sustainable Development Committee member	Is an independent director?
Yu, Yung-Hung (Convener)	V
Lu, Jui-Wen	V
Peng, Min-Hui	X

(B) Duties of sustainable development committee

The members must have the loyalty and must exercise the due care of a good administrator in conducting the job responsibilities and submit the suggestions to the Board of Directors for discussion.

1. Formulate policies for sustainable development.
2. Corporate sustainable development, including sustainable governance, ethical management, environmental and social goals, strategies and implementation of the plan.
3. Review, follow-up and revision of the implementation and effectiveness of the Company's sustainable development and report to the Board of Directors on a regular basis.
4. Pay attention to the concerns of stakeholders, including shareholders, customers, suppliers, employees, the government, non-profit organizations, communities and the issues concerned by the media, and implement supervision and communication plans.
5. Compile the Sustainability Report.

(C) The operations of the Sustainable Development Committee

1. The Company's Sustainable Development Committee comprises three members.
2. The term of office of the 4th committee: from October 28, 2022 to May 26, 2025.
3. The sustainable development committee held 4 meetings in the most recent year (A).
4. Attendance of the committee members:

Title	Name	Actual (and non-voting) attendance (B)	Attendances by proxy	Actual (and non-voting) attendance rate (%) [B/A]	Remarks
Convener	Yu, Yung-Hung	4	0	100%	Appointed on October 28, 2022

Committee member	Lu, Jui-Wen	4	0	100%	Appointed on October 28, 2022
Committee member	Peng, Min-Hui	4	0	100%	Appointed on October 28, 2022

Other matters that require reporting:

I. If the Board of Directors does not adopt or amend the recommendations of the Sustainable Development Committee, please specify the date of the meeting, term of the Board, contents of the agenda, the resolution of the Board of Directors and the Company's handling of the opinions of the Sustainable Development Committee: none.

II. When there are objections or qualified opinions for the records or with written statements of Sustainable Development Committee members to committee resolutions, state the date and session of the committee meeting, the proposal, and the settlement of the opinions for and against the resolution: None.

III. The operations of the Sustainable Development Committee:

Sustainable Development Committee	Content of the Proposal and the Follow-up Process	Resolution outcomes	Treatment of the opinions of Sustainable Development Committee by the company
4th Term 2nd Time 2023/02/23	1. Revision of the Sustainability Development Committee Organization Charter and the Sustainability Development Committee Organization Chart of the Company.	Approved by all attending committee members	Proposed to the Board and passed by all attending directors.
4th Term 3rd Time 2023/04/28	1. Report on the implementation of ethical corporate management 2. Implementation Report of the Sustainable Development Management Committee for 2022 3. Information disclosure on greenhouse gas inventory and verification	Approved by all attending committee members	Proposed to the Board and passed by all attending directors.
4th Term 4th Time	1. Review of the 2022 Sustainable Development Report	Approved by all attending committee	Proposed to the Board and passed by

	2023/07/28		members	all attending directors.
	4th Term 5th Time 2023/10/27	1. Information disclosure on greenhouse gas inventory and verification 2. 2023 Communication Performance Report with Stakeholders 3. Status on enforcement of intellectual property rights.	Approved by all attending committee members	Proposed to the Board and passed by all attending directors.

(IX) The composition, responsibilities, and operations of the Risk Management Committee

(A) Information of Risk Management Committee Members

In October 2022, the company established a Risk Management Committee, which consists of two independent directors and the head of the Human Resources Center. The committee is chaired by Independent Director Tang, Ying-Hua and Independent Director Tsai, Kun-Liang. For details about their qualifications and experience, please refer to pages 29-40 in section 4 of the disclosure on directors' qualifications and independence of independent directors.

Name of Risk Management Committee member	Is an independent director?
Tang, Ying-Hua (Convener)	V
Tsai, Kun-Liang	V
Peng, Min-Hui	X

(B) Duties of risk management committee

The members must have the loyalty and must exercise the due care of a good administrator in conducting the job responsibilities and submit the suggestions to the Board of Directors for discussion.

1. Review of risk management policies and structures, risk appetite and tolerance.
2. Oversees the operations of the risk management mechanisms.
3. Review the management reports on major risk issues.
4. Report the status of risk management to the Board of Directors in a timely manner.

(C) The operations of the Risk Management Committee

1. The Company's Risk Management Committee comprises three members.
2. The term of office of the first committee: from October 28, 2022 to May 26, 2025.

3. The Risk Management Committee held 2 meetings in the most recent year (A). Attendance of the committee members:

Title	Name	Actual (and non-voting) attendance (B)	Attendances by proxy	Actual (and non-voting) attendance rate (%) [B/A]	Remarks
Convener	Tang, Ying-Hua	2	0	100%	Appointed on October 28, 2022
Committee member	Tsai, Kun-Liang	1	1	50%	Appointed on October 28, 2022
Committee member	Peng, Min-Hui	2	0	100%	Appointed on October 28, 2022

Other matters that require reporting:

I. If the Board of Directors does not adopt or amend the recommendations of the Risk Management Committee, please specify the date of the meeting, term of the Board, contents of the agenda, the resolution of the board of directors and the Company's handling of the opinions of the Risk Management Committee: none.

II. When there are objections or qualified opinions for the records or with written statements of Risk Management Committee members to committee resolutions, state the date and session of the committee meeting, the proposal, and the settlement of the opinions for and against the resolution: None.

III. The operations of the Risk Management Committee:

Risk Management Committee	Content of the Proposal and the Follow-up Process	Resolution outcomes	Treatment of the opinions of Risk Management Committee by the company
1st Term 2nd Time 2023/02/23	1. Establishment of 'Risk Management Committee Organizational Regulations' and 'Risk Management Committee Organization Chart', revision of 'Risk Management Policy and Procedures.'	Approved by all attending committee members	Proposed to the Board and passed by all attending directors.
1st Term 3rd Time 2023/10/27	1. Reviewing the company's climate risks and opportunities based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD)	Approved by all attending committee members	Proposed to the Board and passed by all attending directors.

(VIII) Implementation status of promoting sustainable development and discrepancies with the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons:

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad hoc) sustainable development unit with Board of Directors authorization for senior management, which is supervised by the Board of Directors?	V		The Company has already appointed a sustainable development dedicated (and concurrent) unit. The unit conducts risk assessment on the environment, social or corporate governance topics relating to the company's operations based on materiality principle. The Company has established the Corporate Social Responsibility Management Committee in October 2014, and has changed its name to Sustainable Development Committee in April 8, 2022. On October 28 in the same year, the board has resolved that the Committee shall be formed by at least three members and more than half of the independent directors shall be involved in this Committee with an independent director acting as the convener and meeting chair. This can ensure the strategic decisions, promotion and implementation of the corporate sustainable development related work. The Company abides by the Sustainable Development Best-Practice Principles as approved by the Board. Each of the unit implements them in the daily operations based on their work duties under the organization charter (please refer to page 19 of the organization structure of the Sustainable Development Committee). Meetings are held twice a year in principle. 4 meetings were held in February, April, July and October in 2023. The motion contents cover (1) The identification of sustainability topics that require attention; (2) the goals of sustainability topics and policy amendments; (3) legal compliance and execution; (4) supervision on the implementation of sustainable management; and the evaluation of the implementation. Separate meetings will be held	No significant differences.

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			where necessary in order to collect related topics. After evaluation and analysis by each unit on the topics, the important topics are included in the execution plan and daily operations. The Sustainable Development Dedicated (and concurrent) Unit will report to the Board on the implementation status once a year. The management must make proposals on the company strategies and action plan to the Board. The Board must make evaluations on the feasibility of these strategies and review their implementation progresses. Where necessary, the Board shall request the management team to make adjustments.	
II. Does the Company conduct risk assessments on environmental, social, and corporate governance issues that are relevant to its operations and stipulate risk management policies or strategies based on principles of materiality?	V		The disclosed information covers the sustainable development performance of major locations between January to December 2023. The risk evaluation boundary is mainly based on the Company including all offices across Taiwan. The Company has already appointed the Risk Management Committee Dedicated (and concurrent) Unit. The Unit has already made a materiality principle analysis. This forms a basis for communications with internal and external stakeholders, for conducting a risk assessment on the environment, social or corporate governance topics related to the company operations, and for establishing effective identification, measurement and evaluation, supervision and control of the “Risk Management Policies and Procedures”, adopting specific action plans to lower the impacts of related risks.	No significant differences.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><th>Material topics</th><th>Risk evaluation items</th><th>Risk management policy and strategy</th></tr><tr><td>Environment</td><td>Environmental protection</td><td>The extreme weather and related conditions as a result from climate change have impacts to corporate profits and increase corporate risks. Natural resources are depleted due to the large amounts of human consumptions. Over-burning of coals and fossil fuels has led to air pollution. The use of complicated chemical substances is harmful to the human health. All of these events have a huge impact on our lives and work and they endanger the living rights of the next generations. In view of this, we are committed to the environmental responsibilities of corporate sustainable development, continuously promoting energy saving and carbon reduction measures and the use of renewable energy. Besides leading by example, we also invite our suppliers to join</td></tr></table></td><td></td></tr>
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Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			us. We constantly enhance energy management performance and increase the use of eco-friendly materials, lowering greenhouse gas emissions and stimulating resource recycling and reuse. We aim to provide customers the products and services that are safe and of no concerns and also to exert our innovative capability with these commitments. These efforts help in energy saving and carbon reduction. We will also eagerly get hold of the risks and opportunities of climate change striving to become an environmentally friendly corporate. *Greening of our work environment Invite employees to the greening of our office work environment for setting up and taking care of pots of plants. *A sound environment and safe health management Stark operates based on a	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			business model of system integration and consultation services. Its headquarters is situated in Hsinchu City on the outskirt of the Hsinchu Science Park in a regular office building. Its other offices and shipment center locations are located in regular office buildings or regular industrial use plants. We are in full compliance and implementation of the environment, health and safety (EHS) policies of Stark. This is for the purpose of achieving our commitments and goals towards the environment, health and safety, including managing the potential risks to personnel and the environment, lowering their impacts on the company's operations and the impacts of products on the environment. We will carry out regular monitoring of the status of legal compliance and the state of execution of Stark standards. Ensuring the	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			employees have a comfortable work environment and valuing health and safety maintenance and so on measures is one of our priorities. *Energy saving and carbon reduction measures 1. The LED lighting used in the offices (1). The government’s energy saving and carbon reduction measures rules and the switch to using LED lighting for all offices have shown an overall drop in energy consumption, and the heat source from lighting has also reduced. It has improved the efficiency of air-conditioning relatively. (2). Stark Technology has conducted a trial calculation of the LED lighting solution. Currently, the Company's energy-saving lighting solution for 12 hours a day in the offices, requires 418 T8-18W*4 220V 96W rated power lamps in the	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			office, compared to T-BAR lights. The electricity bill saved is based on the annual average electricity bill. (3). The offices have become brighter after the change and increases work efficiency. LED does not transmit heat and each year it can reduce 65,399 kg of carbon dioxide emissions lowering the indoor temperature. It can increase the air-conditioning efficiency of the cooler room, save on electricity bills and is more eco-friendly. (Carbon emission coefficient is 0.636 kg CO_2 /kWh). (4). Adjust the light circuit to reduce unnecessary lighting. 2. Implement waste sorting The wooden pallets used for carrying the goods and the wastes of daily living are collected and processed by licensed environmental protection companies acknowledged by the Environmental Protection Bureau	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			to reduce pollution and promote resource recycling and reuse. This can increase the utilization efficiency of various resources and utilize renewable substances with low impact on the environment enabling the sustainable use of resources. 3. Waste management and resource recycling (1) Paper recycling and destroying process: Resource recycling and waste sorting have been promoted on a regular basis. The handling of papers that are not confidential and with no personal information are reused, while the papers with confidential and personal information are collected on a regular basis for transporting to the professional document destruction company by the appointed transport company after the approval by the managerial officer. The transported papers will be destroyed and recycled onsite	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			with photos taken as record. This process complies with both the personal data protection regulations and the resource recycling principles for environmental protection. (2). Handling of waste computers: Information will be deleted for media (such as hard drives) containing personal data and the physical item will be destroyed and discarded. Computers without hard drives will be discarded and sent directly to the recycling plant. Paper application forms are replaced with electronic forms for the systems to reduce the generation of waste. 4. Water resource management The business model of Stark is mainly on product sales and customer services. We do not have manufacturing factories and our operations take place in regular office buildings. There is no large volume usage of water	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			resources. The daily office tap water is our main source of water for usage obtained from the city government supply which has no significant impact on the water resource. In terms of wastewater management, the office wastewater generated is mainly domestic sewage. We have released the wastewater to the public sewer and sent it to the local wastewater treatment plant for treatment according to the local regulations. It does not have significant impacts on the ecological environment. To treasure the water resource usage, we continue to explore various water saving possibilities. For example: Replace the central cooling tower equipment, adjust the flushing toilet volume for savings in public areas, and use an automatic sensor water supply for urinals to save water. 5. Air-conditioning equipment	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			system Adjust the temperature of the main unit of the air-conditioner and set the temperature to at least 26 to 28 degrees Celsius. Introduce fresh cool air in winter to achieve energy saving effects. At the same time, it can reduce the energy exhaustion of the main unit reducing the energy consumption of the air-conditioning. The interior and exterior temperature is significantly lower during winter times. The below energy saving measures are implemented to avoid unnecessary wastage of electricity for air-conditioning: (1) Adjust to a suitable temperature for the main unit of the cooling water for air-conditioning to reduce the operation time of the compressor to achieve energy saving effects. (2). Place eye-catching labels on the switch location and control instructions asking the employees	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			to follow them to avoid forgetting to close the air-conditioning when getting off work. (3). Winter season (December to February) 12.00 pm each day, switch off the air-conditioning system for one hour. It is the lunch break hour during this time and employees are mostly out for lunch. The air-conditioning can be switched on when employees get back to work in the afternoon. (4). Winter season (December to February) switch off the air-conditioning one hour before end of the work day. This is because it is usually not stifling hot during the evenings of winter time. Employees with needs may turn on the air-conditioning again. 6. Employee transportation and commuting To reduce the impact to the environment due to commuting by the employees, Stark has constructed an internal shared-ride regulating system to	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			<table><tr><td></td><td></td><td>encourage employees to take advantage of the shared-ride when getting to and off work. This gives employees a low-carbon commuting option: We have continue to promote the video conference tool offering employees of different office regions for use in replacement of work travel. This can reduce air pollution and carbon dioxide emissions.</td></tr><tr><td>Social</td><td>Product safety</td><td>The Company is an agent for the products of international original manufacturers who are actively accommodating to the environmental protection policies, health and safety requirements of their government having obtained many certifications and are in compliance with related Acts. Most of them complied with ISO certifications, EU Waste from Electrical and Electronic Equipment (WEEE), EU Restriction of Hazardous</td></tr></table>	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			Substances in Electrical and Electronic Equipment (RoHS), EU Regulation on the registration, evaluation, authorization and restriction of chemicals (REACH), and U.S. ENERGY STAR. On the product equipment sold by the company and the solutions plans, we provide customers a strong and well-experienced technical service team as their backing. In accordance with the actual requirements of the customers, we will provide them non-stop service model option throughout the year. In order to ensure service quality, enhance customer satisfaction, we have appointed a dedicated unit to offer diverse service communication channels. Each year, we took the initiative to conduct customer satisfaction survey. The feedbacks and guidance given by the customers form the basis for our future reviews, amendments,	

Evaluation Item	Implementation Status					The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description			
					improvements and enhancement to our service quality.	
			Corporate governance	Legal compliance/Enhancing board duties/Stakeholders communications	1. Build governance charter and implement internal control system to ensure all of the Company's employees and processes comply with related laws and regulations. There are educational training and smooth complaint channels. 2. Related continuing courses are planned each year for the directors for their rights and helping them to understand legal responsibilities with the latest laws and regulations, system development and policies. 3. Purchase liability insurance for the directors to protect them from situations of litigations or compensation claims when they exercise the due care of a good administrator. 4. Build various communication channels for active communications and reduce conflicts and misunderstandings.	

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Summary description	The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
			Set up investor mailbox and the spokesperson is responsible for its handling.	
			Information Security: Strengthen the company's information security management mechanism by implementing the ISO 27001 Information Security Management System standard and obtaining third-party certification.	
III. Environment topics (I) Has the Company set up an Environmental management system suitable to industry characteristics?	V		(I) As an information services company primarily providing professional manpower services without manufacturing operations, our company poses no significant harm to the environment. In response to initiatives and trends towards green sustainability, in 2022, our CSR Committee was officially renamed the ESG Committee to enhance focus on corporate governance, environmental sustainability, and social inclusion, moving towards a vision of sustainable development. In line with the nation's overall energy management and greenhouse gas reduction policy, the Company established an organization under the ESG Committee to The GHG inventory operation team has expanded the inventory of greenhouse gas emissions of organizations, and effectively tracked, managed and mastered various emission data to reduce the impact on the	No significant differences.

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			environment.	
(II) Is the Company committed to improving resource efficiency and the use of renewable materials with low environmental impact?	V		(I) The Company promotes environmental and energy management in accordance with the "Environment and Energy Policy," and describes the use of energy efficiency and the use of recycled materials with low impact on the environment: 1. Promote paper saving in offices to be replaced with E-mail. Internal document transmission Implemented an online signature management system to reduce paper and toner consumption. 2. From 2022 onwards, gasoline company vehicles will be gradually replaced by hybrid or electric vehicles. 3. During lunch breaks each day, the lighting equipment will be switched off to save electricity and power wastage. 4. All paper used in office areas is PEFC-certified paper.	No significant differences.
(III) Does the Company assess potential risks and opportunities associated with climate change and undertake measures in response to climate issues?	V		(II) In response to the impacts of climate change on the company operations and on the information disclosure of specific climate change aspects, the Company regularly reports to the Board of Directors and Risk Management Committee for their understanding of the climate change impacts on the Company. The various company departments will also begin business inventory and risk identification on climate change. This includes the direct or indirect impacts caused by extreme weather, impacts from transition due to legal, technical or market demands, and analysis of the risks and opportunities for the company's operating activities arising from other human and social aspects. A risk management strategic plan	No significant differences.

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			is then created based on the analysis outcomes in response to the core of climate change actions with estimated management costs and financial impacts. The climate change governance of the company is strengthened based on the abovementioned information collected and a systematic analysis of the financial correlation will be made to lower risks and to get hold of opportunities. The Company has already assessed potential risks and opportunities associated with climate change and undertake measures in response to climate issues. The description is as follows:	

Risks (Potential finance impact)	Opportunities (Potential finance impact)	Countermeasures
(Potential finance impact) Temperature rises (increase in electricity consumption, costs and carbon emissions volume)	Promote the low carbon transportation tool, energy-saving lighting equipment, and use renewable energy (energy-saving electricity, cost saving)/when replacing equipment, accommodate government subsidies policies	1. Take the high speed train as the work travel tool. 2. Replace the old T-8 lighting with LED lighting 3. Promote switching off lights for one hour during daily lunch break.

Evaluation Item	Implementation Status						The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description				
					and make applications for related energy-saving subsidies.	4. Use eco-friendly office papers, promote paperless and waste paper recycling by professional document destruction.	
				Unstable water supply	Enhance water resource utilization efficiency	Besides accommodating government's water-saving policies, the company will continue to plan related water-saving measures, such as, optimizing water cooling process, and replace equipment to water-saving toilets and water-saving taps.	
				Impacts to corporate image	Enhance the willingness of	Continue to enhance energy-saving and waste	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			<table><tr><td></td><td>investors for long term investment.</td><td>reduction policies and measures.</td></tr></table>	
(IV) Does the Company maintain statistics on greenhouse gas emission, water usage and waste volume, as well as develop carbon reduction, water reduction or waste management policies?	V		(IV) The strategies in response to greenhouse gas management and energy saving and carbon reduction are as follows: Greenhouse gas: The company, which is in the information services industry, primarily emits indirect emissions from purchased electricity. We manage this by setting indoor temperatures between 26 to 28 degrees Celsius to reduce air conditioning load, replacing old air conditioning units to improve efficiency, and replacing old lighting fixtures with high-efficiency LED lighting to reduce unnecessary lighting electricity. In terms of reduction targets, our company set the year 2015 as the baseline, aiming to reduce CO_2 emissions from purchased electricity by 5% annually from the baseline year, achieving a 10% reduction in 2018, 16% in 2019, 20% in 2020, 25% in 2021, 25% in 2022, and 22% in 2023. Water resource management Our company uses general daily water, which is discharged into the public sewer system according to local regulations and treated by local wastewater treatment plants, posing no significant impact on the ecological environment. Adhering to the principle of not wasting water resources, our company has established water-saving measures such as: periodic advocacy for water conservation, replacing central air conditioning cooling towers, using water-saving toilets in public areas to	No significant differences.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>adjust the flushing volume, and employing automatic sensor water systems for urinals. Although these actions do not significantly contribute to carbon reduction performance, they actively comply with government carbon reduction policies.
Waste:
Our company's operational scope does not include production and manufacturing. The business model involves product distribution and agency, within the information services industry. For general industrial waste, it is managed according to the 'Waste Management Regulations,' handled by a qualified waste removal service with at least a Class B waste removal license, and transportation records are preserved.

<u>Greenhouse gas emissions in the most recent 2 years</u>
Scope 1: Information covering Hsinchu Headquarters and Niupu Warehouse
Scope 2: Information covering Hsinchu Headquarters and Niupu Warehouse

Unit: metric ton CO2e
<table><tr><th>Year</th><th>Scope one</th><th>Scope two</th></tr><tr><td>2022</td><td>92.3928</td><td>385.1111</td></tr><tr><td>2023</td><td>93.0881</td><td>418.0737</td></tr></table></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>Water consumption in the last 2 years:(Hsinchu Headquarters and Niupu Warehouse)
Unit: metric ton<table><tr><th>Year</th><th>Total Water Consumption</th></tr><tr><td>2022</td><td>1474</td></tr><tr><td>2023</td><td>1433</td></tr></table>
Waste generation volume in the most recent 2 years: (Niupu Warehouse)
Unit: metric ton<table><tr><th>Year</th><th>General industrial waste</th></tr><tr><td>2022</td><td>3.98</td></tr><tr><td>2023</td><td>1.61</td></tr></table></td><td></td></tr>
<tr><td>IV. Social topics
(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</td><td>V</td><td></td><td>(I) To fulfill corporate sustainable development on social responsibilities to protect all employees, the Company abides by related laws and regulations and complies with the international human rights convention, such as gender balance, work rights and prohibits discrimination. Since 2020, we have conducted human rights due diligence surveys and have established human rights related regulations according to related laws, such as, the Personal Data Safety and Maintenance Regulation, Code of Ethical Conduct, Sexual Harassment</td><td>No significant differences.</td></tr>
</table>

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			Prevention Measures and Penalty Regulation, and other labor rights-related regulations.	
(II) Does the Company stipulate and implement reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflect business performance or outcome in employees' compensations?	V		(II) The Company has established work rules and related personnel management charter. The contents cover the basics of hiring labor by the Company - basic wages, work hours, leaves, pension payments, labor and health insurance payment, occupational hazards compensations that comply with Labor Standards Act related regulations. We have appointed the Employee Welfare Committee which is operated through election by employees for organizing the various welfare matters. In terms of salary policy, it is based on the company's salary position in the market with reference to the industry salary survey outcomes and the comprehensive consideration on the fairness within the organization and external competition to arrive to a competitive overall remuneration policy in ensuring competitive advantage of the company in the human resource competition. [Overall remuneration policy] To attract and retain outstanding talents, the Company has developed competitive overall remuneration policies after taking into account an industry survey on salary policy and the company's over remuneration positioning in the market, with reference to the results of industry remuneration survey and comprehensive consideration of the internal fairness and external competitiveness of the organization, to secure the Company's competitive advantage with respect to human resource.	No significant differences.

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			<u>Industry survey on salary policy</u> The purpose of industry survey on salary policy is to understand changes in the external labor market to ensure the Company can maintain its salary level at a certain degree of external competitiveness. Based on the survey outcome, the Company evaluates differences between its current salary payment level and the market level, as basis for the adjustments of salary level and salary combination form and structure. **<u>Internal fairness of salary policy</u>** Based on employees' job category, professional knowledge and technology, job scope and relative contribution to the Company's value, the Company flexibly designs a overall reward policy that offers a combination of financial and non-financial rewards. This policy uses bonus incentives as a means to raise the company's operation, teams, and individual performance. [Business performance response and employee remuneration] The Company shares the outcomes of its operation profits. According to the Articles of Incorporation, at least 3% of the profits shall be allocated as employee remuneration which shall include employees of affiliates who meet certain criteria. **<u>Performance cash reward</u>** The company's performance goals are based on the corporate governance and operation management goals which are applied to the departments and employees. At the end of the	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			year, a comprehensive evaluation is conducted for the departments and employees on their overall work performance. The evaluation content includes a qualitative work conduct index and quantitative work targets. **<u>Quarterly cash rewards</u>** The quarterly cash rewards are based on the departmental and individual performance achievements in relation to the quarterly EPS and key finance measurement index to conduct a comprehensive evaluation. **<u>Annual salary adjustment</u>** Annual salary is adjusted on a regular and irregular basis. Regular salary adjustment is made with reference to external salary surveys and individual performance and so on factors for evaluation so as to maintain reward competitive advantages. The adjustments for managers and non-managerial staff are between 3% to 5% for this year and the highest individual adjustment has reached 19.4%. The irregular salary adjustment is based on the capability and skills stimulating structure. This is to enhance the employee's learning motivation for new skills and to exert potential capabilities and is adjusted according to one's level of contribution to the work and organization. **[Diversity and equality at the workplace]** For the purpose of implementing human rights policy, we provide employees gender balance and commit to creating opportunities to realize equal opportunities for both males and females with same salary conditions and equality for	

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			promotions. Female employees account for 32.47% of the total employees in 2023 with female managers accounting for 25.7% of all managers. **[Employee benefits measures]** Please refer to page 196 for details of V. labor-management relation.	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) The analysis is as follows 1. A safe and healthy work environment for employees: The Company has provided a safe and healthy work environment according to related regulations to labor safety and health, public safety for buildings, and fire safety, and has made filings accordingly. Related insurances for public accident liabilities insurance or engineering risks have been purchased. To maintain personal safety of employees, we have made special purchase of the regular life, accidental and medical insurances for all employees. This is to increase employee safety protection and to reduce harm to health. We add the purchase of travel safety insurance when employees take on overseas work travel to guarantee work travel safety. 2. Employee safety education and management measures: We have established the public safety and health regulations. A total of four employee safety educational training were held in 2023. Appointing employees on a regular basis to attend statutory courses and re-training. A total of 4 occupational hazard cases were reported in 2023 for	No significant differences.

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
			Four individuals were involved in traffic accidents on their way to and from work, and accidents at the workplace. One person Please refer to page 199 on the related work and employee personal safety protection management measures. 3. Employee health education: The Company cares for its employees' health and has built a fitness center. Employees can go to the fitness center to release work tension. The center has qualified for the healthy certification issued by the Health Promotion Administration, MOHW (effective till December 31, 2024). Commissioned a medical institution each year to provide regular checkups for the employees and to provide a health promotion handbook. Professional healthcare personnel is also contracted at the same time realizing labor health protection and health management to offer a healthy and friendly workplace environment to the employees. The Company has set up the breastfeeding room for use by postnatal mothers. The set up of the breastfeeding room fulfils corporate social responsibility and it also benefits more babies to get breastmilk intake. This supports employees to manage their responsibilities between work and taking care of their dependents. We want to create a friendly workplace environment and work together with everyone towards a "Double-Win Workplace and Happy Life." 4. Contracted doctors and nurses for onsite health services in the workplace: The Company has acted according to Article 22 of the Occupational Safety and Health Act on contracted doctors and nurses, using onsite or video	

Evaluation Item	Implementation Status Yes	 No	 Summary description	The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
			conference method to organize the health management, occupational diseases prevention and health promotion and so on labor health protection matters. The well-being and health interviews for female employees during pregnancy and post-partum are also enhanced, and assistance is provided to business units in promoting labor health protection so as to create a healthy and friendly workplace environment. 5. In 2023, no fire incidents occurred at our company; for disaster prevention: internal regular fire safety training is conducted to enhance colleagues' awareness of safety and security. For disaster response: the company has established emergency firefighting measures and set up fire prevention teams to respond to fire incidents.	
(IV) Has the company established an effective career development and training program for employees?	V		(III) The Company has appointed an educational training unit responsible for building an effective career development and training plans for employees, conducting regular and irregular internal or external training. The training scope includes new employee on-the-job training, professional training, and general courses to enhance and update employees' knowledge and skills in building a rich human resource pool. The Unit will guide employee career development with the core skills in place and cultivate them to enhance employee's professional skills. Please refer to page 197 on the execution outcomes, (2) Employee Further Education and training.	No significant differences.

Evaluation Item	Implementation Status			The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
(V) Does the Company comply with relevant laws and international principles with regards to issues of customers' health, safety and privacy and marketing and labeling of products and services and stipulate relevant consumer or customer protection policies and complaint procedures?	V		(V) The international information technology products that the Company sells to the customers must abide by the related laws and international standards, including CE, UL and EU REACH regulations, RoHS environmental protection laws and regulations, WEEE and so on. On customer privacy, we will comply with the confidentiality agreement and personal data protection act when signing the contract with the customers. We have also set up a dedicated unit, email and stakeholder section to handle customer service related problems.	No significant differences.
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights, and the implementation?	V		(VI) In August 2019, our company established the Supplier Corporate Social Responsibility Guidelines, which cover environmental protection, occupational safety and health, and labor rights issues that suppliers must adhere to. The implementation details are as follows: These issues are included in the purchasing order notes section. When suppliers receive orders from our company, they are required not only to review the order content but also to read the related issues in the notes section and return a signed acknowledgment.	No significant differences.
V. Does the Company refer to international reporting rules or guidelines to publish Sustainability Report to disclose non-financial information of the Company? Has the preceding report obtain verification or opinions from a third-party authentication unit?	V		The structure of our company's ESG report follows the Global Reporting Initiative (GRI) issued GRI Standards 2021 and the Sustainability Accounting Standards Board (SASB) sustainability metrics for Software & IT Services, in alignment with the 'Practices for Sustainable Development of Listed Companies.' The report concludes with an index comparing the contents with GRI Standards and SASB indicators. So far, no assurance or assurance from third-party verification has been obtained.	No significant differences.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">The differences with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td colspan="5">VI. If the Company has established ethical corporate governance policies based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation: They have already been established by the Company, with no material deviation.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the Company’s implementation of sustainable development:
(1) Please visit the section on corporate sustainability on the Company's website (https://www.sti.com.tw).
(II) Information security incidents are frequent. We work with suppliers to assist in the planning of information security construction projects and services to improve the information security of enterprises and the public, and to report new computer threats and new knowledge to suppliers for technical improvement and effectively maintaining a high information security level for the enterprises and the public.
(III) Include the high-quality green energy equipment sold by suppliers into the sales product line, to urge suppliers to strengthen the research and development of high-quality, reliable energy-saving and carbon-reduction products, and apply for certification of the green procurement amount from the Environmental Protection Administration of Executive Yuan. This shows our commitment to corporate social responsibility.</td></tr>
</table>

Climate-related information for TWSE/TPEx-listed companies

1. Implementation of climate-related information

<table>
<tr><th>Item</th><th>Status of implementation</th></tr>
<tr><td>1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.</td><td>In October 2022, the Board of Directors approved the establishment of the first 'Risk Management Committee' and 'Sustainability Committee,' elevating the supervisory level to the highest governance unit, the Board of Directors, to strengthen our risk management mechanisms and enhance the company's response to environmental, social, economic, and climate change-related issues and opportunities. Independent directors serve as the convener, demonstrating the Company's emphasis on climate governance.
The "Environment and Safety Team" and the "Risk Management Team" of the Company's ESG execution team are responsible for the management of climate-related risks and report the progress and effectiveness of the management implementation to the "Risk Management Committee" and "Sustainable Development Committee" under the Board of Directors.
Please download the 2023 TCFD report from the official website www.sti.com.tw</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, medium-, and long-term).</td><td>In 2023, the Company followed the Corporate Governance 3.0 - Sustainable Development Blueprint issued by the Financial Supervisory Commission, Taiwan, and adopted the Task Force on Climate-Related Financial Disclosures (TCFD) disclosure framework to disclose the performance of climate management on the official website.
This year, three significant risks and one opportunity were identified: Two transformation risks including regulatory and market changes; one physical risk from increased extreme weather events; and one opportunity related to products and services. A summary of the risks and opportunities analysis follows:
<table><tr><th>Orientation</th><th>Term</th><th>Category</th><th>Agenda</th><th>Shock/impact</th><th>Management Approach</th></tr></table></td></tr>
</table>

	Transformation risks	Short and medium term	Laws and regulations	Compulsory declaration	1. Increase in manpower consumption and manpower cost for inspection, verification, and declaration 2. Penalty for failure to report on time	1. Conducting an inventory following the timeline and operational planning using the ISO 14046-1 standard and implementing recommendations from the GHG Protocol. Developing talent in sustainable management.
		Short, medium and long term	Market	Sustainable Supply Chain	1. Unsatisfactory customer evaluation of the Company affects transactions 2. The upstream and downstream have increasing requirements for climate inspection, evaluation, and the cost of manpower and communication time will increase.	1. Plan sustainability-related courses to improve capacity in order to manage and respond to customer needs 2. Establish internal audit management standards and optimize system integration operations

	Physical risk	Short, medium and long term	Immediacy	Increase of extreme climate events	1. Impacts of extreme weather such as typhoons, floods and earthquakes on inventory loss 2. Penalty for breach of contract due to supplier's inventory shortage affecting customer's delivery 3. Increase of commodity cost price	1. Regularly review the risk of appropriate transfer of product value 2. Strengthen procurement and supply management and continue to develop valuable new products
	Opportunities	Short, medium and long term	Products and services	Distribute high-performance products, integrate customer needs, and improve services	1. Professional team and integration ability to provide customers with quality and professional service satisfaction, expand customer base, respond to diversified needs, and increase revenue	1. Strengthen the system integration of professional services and talent cultivation plans to improve customer satisfaction 2. Provide high-efficiency and energy-saving products to meet customer expectations and requirements
3. Describe the financial impact of extreme climate events and	The financial impact of extreme climate and transformation actions is described					

transformation actions.	in Item 2 above.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	The risk management team and the inter-department execution team jointly develop relevant countermeasures for the risks identified in accordance with the "Risk Management Policies and Procedures". Relevant risk assessments are also submitted to the Risk Management Committee for review and approval. Progress and results of management execution are submitted to the Board of Directors at least once a year. With reference to the ISO31000 risk management guidance website, the PDCA operation model shall be implemented, continuously refined, paid attention to and integrated into the daily operation management of the organization.
5. If a scenario analysis is used to evaluate the resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained.	Based on the TCFD framework guidelines, the Company analyzes the impact of transition risks and physical risks on the Company's operations that it may face under different global greenhouse gas emission scenarios in the future. I. Transformation risks: The "Climate Change Response Act" requires that the carbon fee will be levied in phases, which will put greenhouse gas emitting businesses under the pressure of increased operating costs. After considering the timing of the government's collection and the possibility of future integration of carbon tariff with international prices, the Company chose to refer to the Announced Pledges Scenario (APS) and The 1.5°C Net Zero Emissions by 2050 Scenario (NZE) to simulate and analyze the impact of the national carbon tax (fee) on the operating costs of Stark Technology Inc. under these 2 scenarios. The analysis results show that the levy of national carbon tax (and fee) will inevitably increase the Company's operating cost. If the Company is under a more stringent scenario (NZE scenario), the Company's carbon tax (and fee) expenditure will increase operating costs by about 0.39% by 2050. II. Physical risk: To assess and measure the impact of physical climate change risks on company operations, we reference the IPCC AR6 SSP scenarios, selecting the SSP1-2.6 low-emission scenario and the SSP5-8.5 very high emission scenario for physical risk analysis. Utilizing the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), we simulate the analysis for the mid-century period of 2041-2060, estimating the increase in average temperature and its impact on electricity usage, and consequently on the overall operations of the

	company. In the electricity usage analysis, since air conditioning represents the largest proportion of the organization's total electricity usage, the analysis focuses on the impact of increased air conditioning usage due to rising temperatures on the overall electricity costs of the company. Calculations of air conditioning electricity usage are based on the proportions of various types of equipment used in the service sector during different seasons, according to the Industrial Technology Research Institute's 2017 report 'Impact of Temperature on Electricity Consumption in Various Sectors in Taiwan'. The analysis results show that under the SSP1-2.6 low emission scenario, with an approximate 1°C increase in temperature across Taiwan, air conditioning electricity usage will increase by about 6%. Without considering the rise in energy prices due to other factors by 2050, the company's electricity costs will increase by approximately 2.4%. Under the SSP5-8.5 very high emission scenario, with a temperature increase of about 1.6°C, air conditioning electricity usage will increase by about 9.6%. Again, without considering the rise in energy prices due to other factors by 2050, the company's electricity costs will rise by approximately 3.8%.
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	Carbon emissions and energy management goals: 1. Based on the 2015 electricity carbon emissions, reduce the carbon emissions by 5% each year 2. Continue to increase the utilization rate of high-efficiency LED lighting fixtures in the offices, and achieve the goal of 100% utilization by the Company by 2025. 3. Waste management is based on 2020 and has an annual reduction of 0.002%. 4. The Company's operation type is a general office building. Daily office water consumption is the main source of water consumption. Based on the average annual water consumption consumption, the target is not to exceed 10% every year.
7.If the internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	No internal carbon pricing mechanism has been implemented so far.
8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and annual progress towards these targets should be disclosed. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and amount of the carbon reduction or the	The Company has set the greenhouse gas inventory target in accordance with Article 10, Paragraph 2 of the Guidelines. The descriptions are as follows: Complete the parent company's greenhouse gas inventory in 2026 Complete the greenhouse gas inventory of the subsidiaries in the consolidated financial statements in 2027

number of RECs should be specified.	Relevant planning is as follows: Complete the greenhouse gas inventory of the Hsinchu headquarters and warehouse area in 2023 Complete the parent company's category 1 and category 2 greenhouse gas inventory in 2024 In 2025, expand the scope of the parent company's inventory to categories 3 to 6, and inventory data on subsidiaries at the same time
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and concrete action plans (please fill in 1-1 and 1-2 separately).	The Company will complete the assurance work by 2028 in accordance with Paragraph 2, Article 10 of the IFRSs

1-1 The Company's Greenhouse Gas Inventory and Assurance in the Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emission volume (metric tons CO2 e), intensity (metric tons CO2 e/NTD million), and data coverage for the most recent two years.

Greenhouse gas emissions in the most recent 2 years
Scope 1: Information covering Hsinchu Headquarters and Niupu Warehouse
Scope 2: Information covering Hsinchu Headquarters and Niupu Warehouse

Year	Scope one	Scope 1 intensity	Scope two	Scope 2 intensity
2022	92.3928	0.0421	385.1111	0.1755
2023	93.0881	0.0528	418.0737	0.2373

Note: In the year of 2022, the revenue of the Company in the Hsinchu region was 2,193.8 million dollars.
In the year of 2023, the revenue of the Company in the Hsinchu region was 1,761.5 million dollars.

Note 1: Direct emissions (Scope 1, direct emissions from sources owned or controlled by the company), energy indirect emissions (Scope 2, indirect greenhouse gas emissions from imported electricity, heat, or steam), and other indirect emissions (Scope 3, emissions resulting from company activities that are not energy indirect emissions, but are from sources owned or controlled by other companies).

Note 2: The data coverage of direct emissions and indirect energy emissions shall be handled in accordance with the schedule prescribed in Article 10, Paragraph 2. Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or the International Organization for Standardization (ISO) published ISO 14064-1.

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, with a minimum requirement that the data calculated in terms of turnover (NTD million) shall be stated.

1-1-2 Greenhouse Gas Assurance Information

Describe the assurance details as of the latest two fiscal years up to the date of the annual report publication, including the scope of assurance, the assurance provider, the assurance standards, and the assurance opinion.
The Company will complete the assurance work by 2028 in accordance with Paragraph 2, Article 10 of the IFRSs

Note 1: In accordance with Article 10, Section 2 of these standards, it should be processed according to the prescribed schedule. If the company has not obtained a complete greenhouse gas assurance opinion by the date of publication of the annual report, it should be noted that 'Complete assurance information will be disclosed in the sustainability report.' If the company does not prepare a sustainability report, it should be noted that 'Complete assurance information will be disclosed on the Public Information Observation Station,' and complete assurance information should be disclosed in the annual report of the following year.

Note 2: The assurance provider must comply with the sustainability report assurance institution regulations set by the Taiwan Stock Exchange Corporation and the Taipei Exchange.

1-2 Greenhouse gas reduction goals, strategies and concrete action plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.
The Company will complete the assurance work by 2028 in accordance with Paragraph 2, Article 10 of the IFRSs

Note 1: It shall be processed in accordance with the schedule prescribed in Article 10, paragraph 2 of the guidelines.

Note 2: The base year should be the year in which the inventory was completed within the boundaries of the consolidated financial statements, for example, as per the command of Article 10, Section 2 of these standards, companies with a capital of over NT$10 billion should complete the inventory of their 2023 consolidated financial statements by 2024, thus the base year is 2023. If the company has already completed the inventory of its consolidated financial statements earlier, that earlier year may be taken as the base year, and the data for the base year may be calculated as the average of a single year or multiple years.

(IX) Fulfilling ethical management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof:

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
I. Establishment of Ethical Corporate Management Policy and Proposal				
(I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(I) The Company has already established the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Corporate Management and Guidelines”, and the “Codes of Ethical Conduct” resolved by the Board of Directors. These regulations stipulated the policies and methods for ethical corporate management and the commitment of the Board and senior management to fulfill these policies.	No significant differences.
(II) Does the Company implement a risk assessment system of misconduct, regularly identify and assess business activities that present high risks of misconduct, and adopt preventive measures for misconduct that cover the preventive measures for the misconduct specified in the paragraph 2 of Article 7 in the “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”?	V		(II) The Company has established the “Ethical Corporate Management Policy” which strictly prohibits the Company’s directors, managerial officers and all employees from engaging in the business activities prescribed in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and any other such activities associated with high risk of unethical conduct. The employee relation and social participation group of the Sustainable Development Committee has been instructed to act as the window for the collection and acceptance of complaint cases on unethical conducts. Implement regular education and advocacy according to laws and regulations, and instruct the human resource center to conduct the educational training on a regular	No significant differences.

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
(III) Does the company establish relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically review and revise such policies?	V		basis. (III) In order to prevent any unethical conduct, the Company shall not only request suppliers, contractors or Other collaborators pledge not to engage in any illegal commercial activities nor to offer improper benefits or bribes to Stark Technology, Inc. employees, as stated in a written integrity commitment. If there is supplier with high level of unethical conduct, the collaboration contract with them would be terminated or rescinded at any time, and the case would be sent to the judiciary for serious offenders. The company has established the 'Corporate Integrity Management Guidelines', which clearly define operational procedures, guidelines for behavior, penalties for violations, and a grievance system, all of which are rigorously implemented. Furthermore, when there are regulatory updates, the 'Corporate Integrity Management Guidelines' are re-evaluated during the presentation of the annual report on the promotion of corporate integrity to the board of directors.	No significant differences.
II. Implementation of ethical corporate management (I) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(I) Before establishing business relationships with others, our company conducts an assessment of their legality, integrity policies, and any records of dishonest behavior. We fully understand the counterpart’s integrity status and include adherence to integrity management within the contractual	No significant differences.

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
			terms, specifying prohibited illegal activities.	
(II) Does the Company create a dedicated unit under the board of directors to promote corporate ethical management and regularly (at least once a year) report to the board of directors about the ethical management policy and implementation status of the prevention plan for misconduct?	V		(II) The company's Human Resources Center serves as a full-time (part-time) unit in the Sustainable Development Committee's Employee Relations and Social Participation Group, assisting in promoting corporate integrity management. In principle, meetings are held twice a year. Separate meetings will be held where necessary so as to collect related topics. After the assessment and analysis by each unit, the important topics will be included in the execution plans and daily operations. The dedicated (or concurrent) unit will report to the Board of Directors once a year on the implementation status. The Company adopts an online self-assessment method to enable all employees to understand the company’s ethical corporate management policies and regulations. The educational training unit is appointed to design customized online training and tests for the employees. The Employee Relation and Social Participation Group of the Sustainable Development Management Committee provides the regulations on “Ethical Corporate Management Best Practice Principles” and “Procedures for Ethical Corporate Management and Guidelines” to the employees for understanding and adherence. Each of the departmental managers is asked to conduct departmental promotion and actual implementation to ensure the employees possess the correct concept.	No significant differences.

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
(III) Does the company establish policies to prevent conflicts of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(III) The Company has established a code of conduct for all employees to follow accordingly. accordingly. When personal interests interfere or may intervene in the interests of the Company as a whole, it will generate conflicts of interests, the Company shall do its best to prevent the occurrence of conflicts of interests considering in the best interest of the shareholders. Convening labor-management meetings on a regular basis to enable employees to gain a certain level of understanding of the Company's business management activities and strategies and to exert their rights to express opinions. Regular organization of educational training courses and promotion events. Based on related regulations, combine the contributions to the operations and correlate to the employee performance evaluation for actual implementation of the reward and punishment system.	No significant differences.
(IV) Does the company establish an effective accounting system and internal control system for practical implementation of ethical corporate management, and is the system regularly audited by the internal auditing unit, and does the unit propose relevant audit plans based on the assessment results of the risk of misconduct for auditing the implementation status of the	V		(IV) The Company has established an effective accounting system and internal control system to ensure the implementation of ethical corporate management. In response to the high risk of unethical behaviors in the operating procedure devised an internal control system, we have also prepared an annual audit plan to conduct various audits. The auditing unit regularly audits the compliance status. In addition, the effectiveness of the internal control system design and implementation is	No significant differences.

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
prevention plan for misconduct, or entrusted to an accountant for auditing? (V) Does the company provide internal and external ethical conduct training programs on a regular basis?	 V		reviewed through the annual internal control self-assessment. (V) The Company organizes educational training for new employees on a regular basis and in-service training from time to time, and includes ethical management as part of its employee code of conduct. The company organized the online course in 2023 (including test), “Ethical Corporate Management Rules - Knowledge Class,” the number of participants was 777, for a total of 899 hours of training.	 No significant differences.
III. The operation of the Company's whistle-blowing system (I) Does the Company have a specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	 V		 (I) The Company has established the "Whistleblower Reporting Channel and Protection Regulations" and whistleblowing channels to enable the reporting of unethical or improper conducts in violation of ethical corporate management or ethical conduct. This can help the company in building a correct Organizational Public Administrative Ethics Culture, preventing corrupt practices in the daily operations in realizing corporate governance. Whistleblowing may be made in writing, orally, and via the hotline and the reporting mailbox. Email and hotline have been set up on the Company's website to provide internal and external stakeholders (e.g., employees, suppliers, and customers) avenues for reporting fraud. A person may make a	 No significant differences.

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
			report with their name or anonymously and provide relevant concrete evidence to report to the designated personnel of the Company orally, in writing, by e-mail or by other appropriate means. The Company will assign senior management to handle the case in person. If the reported facts are substantiated through investigation, the Company will give appropriate rewards to the whistleblowers to show the Company's firm position on the implementation of corporate governance and the elimination of fraud. The reward system is in writing and the designated personnel handles the matters personally.	
(II) Does the Company have standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(II) The Company establishes the "Whistleblower Reporting Channels and Protection Management Regulations" for employees and external parties to report via the dedicated email or telephone. For the reported matters, the Company will follow the investigation standard operating procedures to understand and verify the veracity of the reported contents. Evidence is searched to verify the possibility of substantiation, and a risk assessment is conducted. If the assessed risk is low and the case is not true, it will be recorded directly. If the risk is assessed as medium or high, a special meeting will be convened and the investigation procedure will be decided. Pursuant to the Personal Data Protection Act, the designated personnel for processing data shall not exceed the scope	No significant differences.

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
			necessary for the specific purpose and shall be reasonably related to the purpose of data collection. The personnel in charge of reception shall properly keep and keep on file the documents of the acceptance of the reported cases and the investigation process. The relevant information on the documents and records obtained during the investigation, investigation result report, subsequent disposal, and internal control improvement shall be retained for at least 5 years. The Company strictly controls no leakage of confidential information to the public. The Company has an obligation of confidentiality unless authorized to disclose to the public or as required by law. Any inappropriate behavior will be punished by the Company.	
(III) Does the company adopt proper measures to prevent a whistleblower from retaliation for his/her reporting?	V		(III) The Company adopts appropriate security measures to protect the confidentiality and protection of the identity of the whistleblower and the content of the report, and to prevent personal information from being stolen, tampered with, destroyed, or leaked. The designated personnel in charge of receiving the case must not modify, conceal or fabricate factual reports and reveal the sources of reports or complaints without authorization to avoid unfair treatment, retaliation, or threats against whistleblowers. The designated personnel in charge of receiving the	No significant differences.

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
			whistleblowing cases shall not record the whistle-blower's name or any identity-related facts in their statement of case.	
IV. Enhanced information disclosure (I) Does the Company disclose its guidelines on business conduct and ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (MOPS)?	V		(I) The Company has set up the Ethical Corporate Management Best Practice Principles on the website (http://www.sti.com.tw) and has uploaded it to the Market Observation Post System (MOPS) for regular training and advocacy of the code of conduct. The Human Resources and Education Center is instructed to implement the education and training periodically for continuous development to promote results.	No significant differences.
V. If the company has established ethical corporate governance policies based on Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation: The Company complies with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and has established the "Ethical Corporate Management Best Practice Principles" and also the "Ethical Corporate Management Procedures and Code of Conduct." There is no difference.				
VI. Other important information that can help interested parties to understand the Company’s operations of ethical corporate governance is as follows: (Such as, the company has reviewed and revised its Ethical Corporate Management Best-Practice Principles and so on situations) 1. The Company complies with the Company Act, the Securities and Exchange Act, the Business Accounting Act, applicable rules and regulations governing TWSE/TPEx listed companies, and other applicable laws and regulations governing other business activities, as the foundation for the implementation of ethical corporate management. 2. The Company's "Rules of Procedure for Board of Directors' Meetings" expressly provides for the recusal of conflict of interests for directors, under which directors shall exercise a high degree of self-discipline and state opinions that may be detrimental to the interests of the Company caused by a conflict of interest between themselves or the legal entities they represent, or with respect to any proposal made by the Board of Directors, and answering inquiries. They may not participate in the discussion or voting. The Director shall recuse himself from the discussion and voting, and may				

Evaluation Items	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary description	
not exercise the voting right of other Directors as a proxy. 3. The company has established the "Procedures for Material Inside Information," which provided that the directors, managerial officers, and employees shall implement tasks as good managerial officers under the principle of good faith. The directors, managerial officers, and employees shall not disclose any material inside information to any third parties; and shall not seek or collect major undisclosed company information that is not related to his/her tasks. The same shall apply to material undisclosed company information that was not obtained due to the execution of job duties.				

(X) If the company has adopted corporate governance best-practice principles or related bylaws, it shall disclose how these are to be searched:

All material information of the Company is disclosed in the Market Observation Post System in accordance with the regulations of the competent authority. The MOPS: http://mops.twse.com.tw; company website: http://www.sti.com.tw.

(XI) Other material information that would increase understanding of the corporate governance, could also be disclosed as well: None.

(XII) Execution of internal control system:

1. Statement of internal control system

Stark Technology Inc.

Statement of internal control system

Date: February 29, 2024

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

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

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

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

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

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

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

VII. This statement has been approved by the Company's Board of Directors on February 29, 2024. Among the eleven directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Stark Technology Inc.

Chairman: Liang, Hsiu-Chung   Signature

President : Liang, Hsiu-Chung   Signature

2. Appointment of CPAs to conduct special audit on internal control system: None.

(XIII) Punishments, major defects, and improvements in the previous year and by the date of report publication of the company or its personnel by the law or for violation of the regulations of the internal control system: None.

(XIV) Important resolutions made by the shareholders and board meetings in the previous year and by the date of annual report publication:

1. Major resolutions passed by shareholders' meetings and board of directors meetings and their implementation

The Company has completed the implementation of the resolutions of the annual shareholders' meeting held on May 29, 2023.

Annual General Meeting of Shareholders	Date	Important matters for a decision
Annual General Meeting of Shareholders	May 29, 2023	1. Acknowledged the Company's 2022 business report and financial statements. 2. Acknowledged the Company's distribution of earnings in 2022 (cash dividend of NT$6.26 per share). 3. Amend the “Procedures for Endorsements and Guarantees”of the Company. 4. Revisions the Company’s Procedures for Lending Funds to Other Parties.
Implementation review		1. The implementation of important resolutions of the shareholders' meeting has been completed. 2. June 21, 2023 was set as the ex-dividend date, and the cash dividend will be distributed on July 14, 2023. 3. Procedures for Endorsements and Guarantees: Published on the Company's website and proceeded with accordingly. 4. Procedures for Lending Funds to Other Parties: Published on the Company's website and proceeded with accordingly.

2. Important resolutions reached by the Board of Directors

Date of Board Meeting	Important matters for a decision
February 23, 2023	1. Report on the purchasing of liability insurance for directors and managerial officers. 2. Approved the review of audit fees for CPAs. 3. Approved the 2022 self-assessment results of the internal control system. 4. Passed the motion on the Company’s accounts receivable meeting criteria and whether the funds other than the accounts receivable are of loans to others in nature. 5. Approved the distribution of remuneration to employees, directors and supervisors in 2022. 6. Approved the 2022 business report and financial statements (including consolidated statements). 7. Approved the appropriation of 2022 earnings. 8. Approved the amendments to the Company's "Corporate Governance Best Practice Principles." 9. Approved the revision of the Sustainability Development Committee Organization Charter and the Sustainability Development Committee Organization Chart of the Company.

Date of Board Meeting	Important matters for a decision
	10. Approved the establishment of the Company's "Risk Management Committee Charter", "Risk Management Committee Organization Chart" and amendments to the Company's "Risk Management Policies and Procedures." 11. Approved the proposal on acceptance of shareholder proposals in the 2023 regular shareholder meeting. 12. Convening of the general shareholders' meeting 2023. 13. Approved the evaluation of the competence and independence of certified public accountants (CPA). 14. Approved Ernst & Young and its affiliates non-confirmation service. 15. Approved the 2023 Operation Plan. 16. Approved the recognition of remuneration to employees and directors/supervisors in 2023. 17. Approved the applications for credit lines of Bank SinoPac and Hua Nan Bank.
April 28, 2023	1. Passed the motion on the Company’s accounts receivable meeting criteria and whether the funds other than the accounts receivable are of loans to others in nature. 2. Approval for the purchase of an office in Taoyuan by the company. 3. Approved the 2023 Q1 Financial Statements. 4. Passed applications for credit facilities from Taiwan Cooperative Bank, Bank of Taiwan, E.Sun Bank, Land Bank of Taiwan, and Mega Bank.
July 28, 2023	1. Passed the motion on the Company’s accounts receivable meeting criteria and whether the funds other than the accounts receivable are of loans to others in nature. 2. Approval for the purchase of a warehouse in Hsinchu by the company. 3. Approved the dissolution of the Company and the liquidation of STARK INFORMATION (HONG KONG) LIMITED, 4. Approved the 2023 Q2 Financial Statements. 5. Approved the loans applied to Bank of Shanghai, Chang Hwa Bank, Taishin Bank, and Yuanta Bank. 6. Approved the 2022 remuneration distribution to managerial officers, employees and directors. 7. Appointment of managerial officer
October 27, 2023	1. Passed the motion on the Company’s accounts receivable meeting criteria and whether the funds other than the accounts receivable are of loans to others in nature. 2. Approved the allocation of remuneration to employees in 2023. 3. Approved the 2023 Q3 Financial Statements. 4. Approved to establish the provisions of the Company's "Regulations Governing Finance and Business Related Operations Between Related Parties". 5. Approved the lifting of the non-compete restriction for the Company’s elected independent directors. 6. Approved the destruction of the Company's accounting documents, books and reports that have expired. 7. Approved the audit plan for 2024. 8. Approved the applications for credit lines of CTBC Bank, Shin Kong Bank, First Bank, SinoPac Bank, and Hua Nan Bank.

Date of Board Meeting	Important matters for a decision
February 29, 2024	1. Report on the purchasing of liability insurance for directors and managerial officers. 2. Approved the 2023 self-assessment results of the internal control system. 3. Passed the motion on the Company’s accounts receivable meeting criteria and whether the funds other than the accounts receivable are of loans to others in nature. 4. Approved the distribution of remuneration to employees, directors and supervisors in 2023. 5. Approved the 2023 business report and financial statements (including consolidated statements). 6. Approved the appropriation of 2023 earnings. 7. Approved the 2023 remuneration distribution to managerial officers, employees and directors. 8. Approved the amendments to the Company's "Articles of Incorporation." 9. Approved the revision of the Company's Rules of Procedure for Board of Directors Meetings. 10. Approved the motion to amend the Company's "Information Security Policy Act." 11. Approved the proposal on acceptance of shareholder proposals in the 2024 regular shareholder meeting. 12. Convening of the general shareholders' meeting 2024. 13. Approved the evaluation of the competence and independence of certified public accountants (CPA). 14. Approved Ernst & Young and its affiliates non-confirmation service. 15. Approved the review of audit fees for CPAs. 16. Approved the 2024 Operation Plan. 17. Approved the recognition of remuneration to employees and directors/supervisors in 2024. 18. Passed the resignation application of the appointed managerial officer Zhuo, Ming. 19. Approved revision to the employment of CPAs by the Company.

(XV) Directors or supervisors who have voiced different opinions to the important resolutions of the Board of Directors in the most recent year and up till the publication date of this annual report, with records or written declaration: None.

(XVI) Resignation or dismissal of the chairman, president, accounting officer, finance officer, internal auditor officer, corporate governance officer, and head of R&D in the most recent year up till the publication date of this annual report: Not applicable.

IV. Information on CPA remuneration:

In NTD Thousand

<table>
<tr><th>Name of CPA firm</th><th>Name of CPA</th><th>Independent Auditor's audit period</th><th>Audit fees</th><th>Non-audit fees</th><th>Total</th><th>Remarks</th></tr>
<tr><td rowspan="2">Ernst & Young</td><td>Hsu, Hsin-Min</td><td rowspan="2">2023.01.01~ 2023.12.31</td><td rowspan="2">1,650</td><td rowspan="2">110</td><td rowspan="2">1,760</td><td rowspan="2"></td></tr>
<tr><td>Cheng, Ching-Piao</td></tr>
</table>

Note: The non-audit fees paid by the Company in 2023 totaled NT$110 thousand, which were taxation compliance fees.

(I) If the audit fee of the year is less than that of the most recent 1 year after changing CPA firm, then the audit fee before and after the change and the reason for change shall be disclosed: None.

(II) If the professional audit fee has decreased by more than 10% compared with the previous year, the decreased amount, proportion and reason for the reduction of professional audit fee shall be disclosed: None.

V. Replacement of certified public accountants:

(I) Regarding the previous CPA

<table>
<tr><td>Date of Change</td><td colspan="4">March 31, 2024</td></tr>
<tr><td>Reason for change and description</td><td colspan="4">Due to internal job adjustments at Ernst & Young, the financial reporting audit certification will change starting from the first quarter of 2024.</td></tr>
<tr><td rowspan="3">Explanation pertains to the termination or non-acceptance of appointment by the appointer or accountant concerning:-</td><td colspan="2">Situation of / Party Concerned</td><td>CPA</td><td>Appointee</td></tr>
<tr><td colspan="2">Voluntary termination of appointment</td><td></td><td></td></tr>
<tr><td colspan="2">No longer accepting (continuing) appointment</td><td></td><td></td></tr>
<tr><td>Reasons for issuing opinions other than unqualified opinions in the last 2 years</td><td colspan="4">No such matter</td></tr>
<tr><td rowspan="6">Any disagreement with the issuer</td><td rowspan="4">Yes</td><td>-</td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td>-</td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td>-</td><td colspan="2">Audit Scope or Procedure</td></tr>
<tr><td>-</td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
</table>

Other disclosures (Matters to be disclosed in Item 1-4-1-7, Subparagraph 6, Article 10 of the Guidelines)	None

(II) Regarding the succeeding CPA

Name of Firm	Ernst & Young
Name of CPA	Wan-Ru Chiu
Date of appointment	March 31, 2024
Pre-appointment accounting for specific transactions Accounting treatments or principles for specific transactions prior to appointment . Consultation matters and results	No such matter
Possible opinions that might be issued on financial statements by the succeeding accountant regarding the predecessor accountant Written opinions on matters of disagreement	No such matter

VI. The facts about the company chairperson, president, managerial officer in charge of financial or accounting affairs having served with the CPA firm or the affiliation for the most recent 1 year, shall disclose his/her name, position and the period at the CPA firm or the affiliation: None of such situation.

VII. The transfer of shares and changes in pledges of the Directors, Supervisors, Managerial officers and shareholders holding more than 10% of the shares in the most recent year and as of the printing date of this annual report:

Title	Name	2023		Current year up to March 31, 2024	
		Change in Shareholding	Change in Shares Pledged	Change in Shareholding	Change in Shares Pledged
Chairman and CEO	Liang, Hsiu-Chung	-	-	-	-
Director	Chen, Kuo-Hung	-	-	-	-
Director and Executive Vice President	Tseng, I-Shun	-	-	-	-
Director and Executive Vice President	Chen, Hsing-Chou	-	-	-	-
Director and Executive Vice President	Liu, Hsien-Min	-	-	-	-
Director	Yu, Ming-Chang	-	-	-	-
Corporate Director Representative	Tsai, Hua-Cheng	-	-	-	-
Independent Director	Tsai, Kun-Liang	-	-	-	-
Independent Director	Lu, Jui-Wen	-	-	-	-
Independent Director	Yu, Yung-Hung	-	-	-	-
Independent Director	Tang,	-	-	-	-

Title	Name	2023		Current year up to March 31, 2024	
		Change in Shareholding	Change in Shares Pledged	Change in Shareholding	Change in Shares Pledged
	Ying-Hua				
Vice President	Huang, Shun-An	-	-	-	-
Vice President	Huang, Hsin-Chi	-	-	-	-
Vice President	Chu, Jui-Hua	-	-	-	-
Vice President	Chang Yen-Yuan	-	-	-	-
Vice President	Hsu, Chun-Neng	-	-	-	-
Vice President	Lai, Yu-Hsuan	-	-	-	-
Vice President	Yeh, Chien-Hsiung	-	-	-	-
Vice President	Chou, Chih-Wu	-	-	-	-
Vice President	Tsai, Yao-Chih	-	-	-	-
Vice President	Chen, Tien-Yu	-	-	-	-
Vice President	Zhuo, Ming	-	-	-	-

Title	Name	2023		Current year up to March 31, 2024	
		Change in Shareholding	Change in Shares Pledged	Change in Shareholding	Change in Shares Pledged
Vice President	Hsieh, Yu-Kuang	-	-	-	-
Vice President	Shih, Ping-Kuang	-	-	-	-
Vice President	Li, Hsin-Yang	-	-	-	-
Vice President	Ti, Yu-Cheng	-	-	-	-
Vice President	Kao, Jen-Chien	-	-	-	-
Vice President	Chang, Huan-Chi	-	-	-	-
Vice President	Ho, Mei-Yu	-	-	-	-
Vice President	Huang, Chi-Hsiang	-	-	-	-
Vice President	Cheng, Hung-Chen	-	-	-	-
Vice President	Li, Chun-Te	-	-	-	-
Vice President	Fan, Wen-Lung	-	-	-	-

Title	Name	2023		Current year up to March 31, 2024	
		Change in Shareholding	Change in Shares Pledged	Change in Shareholding	Change in Shares Pledged
Division chief	Huang, I-Tzu	-	-	-	-
Vice President (Note 1)	Chi-Chiang Lin	-	-	-	-

Note: If the counterparties of the share transfer or pledged are related persons: None.

Note 1: Chih-Chiang Lin was promoted to Vice President on June 1, 2016, transferred to a subsidiary on March 1, 2017, and returned to office on August 10, 2023.

VIII. Information of top ten shareholders and their relations:

Book closure date: April 2, 2024

Name	Shares held		Shares held by spouse or minor children		Total shares held in the name of others		Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree).		Remarks
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name (or name)	Relationship	
Liang, Hsiu-Chung	3,811,358	3.58%	2,400,000	2.26%	-	-	Ting, Ching	Spouse	
Ting, Ching	2,400,000	2.26%	3,811,358	3.58%	-	-	Liang, Hsiu-Chung	Spouse	
Business department of Standard Chartered International Commercial Bank is entrusted with the custody of the Special Account for Emerging Market ETF Investment in SPDR Portfolio of SPDR(R) Index Share Funds	2,095,747	1.97%	-	-	-	-	-	-	
BANK SINOPAC COMPANY LIMITED	1,819,000	1.71%	-	-	-	-	-	-	
Tsao, Wei-Shih, Head of BANK SINOPAC COMPANY LIMITED	-	-	-	-	-	-	-	-	
Cheng Fa Investment Co., Ltd.	1,230,000	1.16%	-	-	-	-	-	-	
Cheng Fa Investment Co., Ltd., Responsible Person Tsai, Hua-Cheng							Tsai, Hua-Ying	Brothers	
Yu, Ming-Chang	1,222,974	1.15%	690,929	0.65%	-	-	Chu, Jui-Hua	Spouse	

Name	Shares held		Shares held by spouse or minor children		Total shares held in the name of others		Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree).		Remarks
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Name (or name)	Relationship	
Xin Chuan Investment Co., Ltd.	1,178,000	1.11%	-	-	-	-	-	-	
Xin Chuan Investment Co., Ltd., Responsible Person Tsai, Hua-Ying	513	0.00%	-	-	-	-	Tsai, Hua-Cheng	Brothers	
Chen, Hsing-Chou	1,121,247	1.05%	107,000	0.10%	-	-	-	-	
Tseng, I-Shun	1,031,633	0.97%	186,940	0.18%	-	-	-	-	
Chu, Jui-Hua	690,929	0.,,65%	1,222,974		-	-	Yu, Ming-Chang	Spouse	

IX. Investments jointly held by the company, the company's directors, supervisors, managerial officers, and enterprises directly or indirectly controlled by the company, with shareholding disclosed in aggregate of the said parties:

December 31, 2023

Reinvestment business	The Company's investment		Investments by directors, managerial officers, and enterprises directly or indirectly controlled		Comprehensive investment	
	Number (lot) of shares	Shareholding ratio	Number (lot) of shares	Shareholding ratio	Number (lot) of shares	Percentage of shareholding
Stark Technology Inc.(USA)	500,000	100%	-	-	500,000	100%
SRAIN Investment Co., Ltd.	-	100%	-	-	-	100%
Pacific Ace Holding International Ltd.	3,000,000	100%	-	-	3,000,000	100%

Note: Long-term investment of the Company.

Four. Capital Overview

I. Capital and Shares

(I) Source and type of share capital

1. Source of share capital

Year/month	Issuance price	Authorized share capital		Paid-in capital stock		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Subscriptions paid with property other than cash	Others
April 1993	10	1,000,000	10,000,000	1,000,000	10,000,000	Share capital at establishment	—	—
January 1994	10	2,375,000	23,750,000	2,375,000	23,750,000	Capital increase in cash 13,750,000	—	—
July 1996	10	7,100,000	71,000,000	7,100,000	71,000,000	Capital increase in cash 47,250,000	—	—
July 1997	10	15,500,000	155,000,000	15,500,000	155,000,000	Capital increase in cash 84,000,000	—	Approval Certificate No.: Jing (1997)-Shang-Zi No. 117039 Approval date: September 4, 1997
March 1998	10	19,500,000	195,000,000	19,500,000	195,000,000	Capital increase in cash 40,000,000	—	Approval Certificate No.: Jing (1998)-Shang-Zi No. 110043 Approval date: May 12, 1998
July 1998	10	60,000,000	600,000,000	29,725,000	297,250,000	Capitalization of retained earnings and capital reserve 102,250,000	—	Approval Document No .:(87) Taiwan Finance Certificate (1) No. 53805 Approval date: June 25, 1998
October 1999	10	60,000,000	600,000,000	50,800,000	508,000,000	Capitalization of retained earnings and capital reserve 210,750,000	—	Approval Document No .:(88) Taiwan Finance Certificate (1) No. 86577 Approval date: October 2, 1999
July 2000	10	180,000,000	1,800,000,000	83,631,900	836,319,000	Capitalization of retained earnings and capital reserve 328,319,000	—	Approval Document No .:(89) Taiwan Finance Certificate (1) No. 47293 Approval date: June 2, 2000
September 2001	10 122.0 及 119.4	190,000,000	1,900,000,000	131,747,829	1,317,478,290	Capitalization of retained earnings and capital reserve 480,535,880 Conversion of convertible bonds to ordinary share 623,410	—	Approval Document No.:(90) Taiwan Finance Certificate (1) No. 144158 Approval date: July 11, 2001 Approval Document No.: (2001)shang 09001392920 Approval date: October 25, 2001
December 2001	119.4	190,000,000	1,900,000,000	131,816,505	1,318,165,050	Conversion of convertible bonds to ordinary share 686,760	—	Approval Certificate No.: Jing-Shou-Shang-Zi No. 09101013010 Approval date: July 11, 2002

Year/month	Issuance price	Authorized share capital		Paid-in capital stock		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Subscriptions paid with property other than cash	Approval date and document number in effect
July 2002	10 86.3	300,000,000	3,000,000,000	182,579,692	1,825,796,920	Capitalization of retained earnings and capital reserve 506,357,760 Conversion of convertible bonds to ordinary share 1,274,110	—	Approval Document No.:(91) Taiwan Finance Certificate (1) No. 129894 Approval date: June 3, 2002 Approval Document No.: Jing (091) Shang No. 09101302430 Approval date: August 14, 2002
November 2002	10	300,000,000	3,000,000,000	200,283,580	2,002,835,800	Capital increase and issuance of new shares through merger with Tai-Hung Technology Co., Ltd. 177,038,880	—	Approval Document No.:(91) Taiwan Finance Certificate (1) No. 154367 Approval date: October 15, 2002 Approval Document No.: Jing (2002) Shang No. 09101505370 Approval date: December 17, 2002
August 2003	10	340,000,000	3,400,000,000	224,011,938	2,240,119,380	Capitalization of retained earnings 237,283,580	—	Approval Document No.:(92) Taiwan Finance Certificate (1) No. 128603 Approval date: June 27, 2003
November 2004	-	340,000,000	3,400,000,000	221,583,938	2,215,839,380	Retirement of treasury stock 24,280,000	—	Approval Document No.: Jing-Shou-Shan-Zhi-No. 09301209820 Approval date: November 10, 2004
August 2008	-	340,000,000	3,400,000,000	132,950,363	1,329,503,630	Refund of share capital after reduction of capital 886,335,750	—	Approval No.: Jing-Jin-Guan-Cheng-Yi-Zi No. 0970038218 Approval date: August 5, 2008 Approval No.: Jing-Shou-Shang-Zi No. 09701214030 Approval date: September 1, 2008
August 2017	-	340,000,000	3,400,000,000	106,360,291	1,063,602,910	Refund of share capital after reduction of capital 265,900,720	—	Approval Certificate No.: Jin-Guan-Zheng-Fa No. 1060023037 Approval date: June 27, 2017 Approval No.: Jing-Shou-Shang-Zi No. 10601095080 Approval date: July 17, 2017

2. Classes of shares outstanding as of the publication date of this annual report

March 31, 2024

Class of shares	Authorized share capital			Remarks
	Outstanding shares (listed company stock)	Shares yet to be issued	Total	
Registered ordinary share	106,360,291 shares	233,639,709 shares	340,000,000 shares	Including shares reserved for issuance of employee stock warrants: 20,000,000 shares

(II) Shareholder structure

Registration closure date: April 2, 2024 Unit: Shares

Shareholder structure / Quantity	Government agencies	Financial institutions	Other corporate entities	Individual	Foreign institutions and foreigners	Total
Number of persons	4	3	428	34,731	105	35,271
Number of shares held	749,210	2,571,000	10,353,960	84,510,310	8,175,811	106,360,291
Shareholding ratio	0.70%	2.42%	9.73%	79.46%	7.69%	100%
Note: Mainland Chinese capital shareholding: 0%; Foreign Insurance companies (total): 0 account, 0 shares						

(III) Distribution of shareholdings

Book closure date for common shares
Face value of NT$10 per share April 2, 2024

Shareholding category (shares)	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 - 999	23,088	1,911,050	1.8
1000 - 5000	9,575	19,229,985	18.08
5001 - 10000	1,298	9,948,754	9.35
10001 - 15000	402	5,053,294	4.75
15001 - 20000	262	4,679,082	4.4
20001 - 30000	220	5,550,531	5.22
30001 - 40000	103	3,645,825	3.43
40001 - 50000	75	3,440,178	3.23
50001 - 100000	143	9,991,131	9.39
100001 - 200000	47	6,810,115	6.4
200001 - 400000	24	7,272,281	6.84
400001 - 600000	21	10,325,048	9.71
600001 - 800000	4	2,593,058	2.44
800001 - 1000000	-	-	-
1000001 - 9999999999	9	15,909,959	14.96
Total	35,271	106,360,291	100.00

(IV) List of major shareholders

Book closure date:April 2, 2024

Share / Name of major shareholder	Number of shares held	Shareholding ratio
Liang, Hsiu-Chung	3,811,358	3.58%
Ting, Ching	2,400,000	2.26%
Business department of Standard Chartered International Commercial Bank is entrusted with the custody of the Special Account for Emerging Market ETF Investment in SPDR Portfolio of SPDR(R) Index Share Funds	2,095,747	1.97%
BANK SINOPAC COMPANY LIMITED	1,819,000	1.71%
Cheng Fa Investment Co., Ltd.	1,230,000	1.16%
Yu, Ming-Chang	1,222,974	1.15%
Xin Chuan Investment Co., Ltd.	1,178,000	1.11%
Chen, Hsing-Chou	1,121,247	1.05%
Tseng, I-Shun	1,031,633	0.97%
Chu, Jui-Hua	690,929	0.65%

(V) Information Regarding Market Price, Net Value, Earnings, Dividend Per Share and Others for the most recent 2 years:

Item			2022	2023	For the year 2024 ended March 31
Market price per share	Highest		101.50	131	138
	Lowest		72.80	82.70	117
	Average		84.88	109.73	125.77
Net worth per share	Before distribution		29.38	30.74	-
	After distribution		23.12	24.10	-
Earnings per share (EPS)	Weighted average number of shares (after adjusted retrospectively)		106,360,291	106,360,291	106,360,291
	Earnings per share (EPS)	Before adjustment	6.91	7.36	-
		After adjustment	6.91	7.36	-
Dividends per share	Cash dividends		6.26	6.64	-
	Free-Gratis Dividends	Stock dividend from retained earnings	-	-	-
		Dividends from capital surplus	-	-	-
	Accumulated unappropriated dividends		-	-	-
Analysis on return on investment	Price-earnings ratio (Note 1)		12.28	14.91	-
	Price-dividend ratio (Note 2)		13.56	16.53	-
	Cash dividend yield (Note 3)		7.38	6.05	-

Note 1: Price / Earnings Ratio = Average Market Price / Earnings Per Share
Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends Per Share
Note 3: Cash Dividends Yield = Cash Dividends Per Share / Average Market Price

(VI) Dividend Policy and Implementation Status

1. Dividend Policy

The annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve (unless legal reserves have accumulated to an amount equal to share capital). Any surpluses remaining shall then be subject to provision or reversal of special reserve, as the laws may require. The residual balance can then be added to unappropriated earnings carried from previous years and retained or distributed to shareholders as a form of profit sharing, subject to resolution in a shareholder meeting.

The Group operates in the high-tech industry and is susceptible to the industry's enterprise life cycle. Dividends shall be allocated after taking into consideration several factors including: current and future investment environment, capital requirement, domestic/foreign competition, capital budget, shareholders' expectations, balanced dividends, and the Group's long-term financial plan. Dividend distribution plans are to be proposed by the Board of Directors and presented for final resolution in shareholder meeting on a yearly basis.

With reference to historical data, the proposed amount of shareholder dividends to be distributed shall be at least 50% of the distributable earnings of the current year's net income after tax (less the legal reserves, or special reserves appropriated or reversed as required by laws). Shareholders' profit sharing can be paid in cash or shares; however, the cash portion shall be no less than 10% of total dividends.

2. Dividend distribution in 2023:

Stark Technology Inc.

Earnings Distribution Table

2023 Unit: NTD

Item	Amount
2023 Net income after tax	783,241,365
Less: Remeasured value of defined benefit plan (for 2023)	(469,569)
Add: Disposal of equity instruments at fair value through other comprehensive income	1,183,831
Subtotal	783,955,627
Less: Legal reserve	(78,395,563)
Add: Unappropriated retained earnings at beginning of the term	210,699,466
Earnings available for distribution for the current year	916,259,530
Item for distribution:	
Shareholder bonus - Cash dividends (NT$6.64 per share)	(706,232,332)
Ending undistributed earnings	210,027,198

Note: Approved by the resolution of the Company's Board of Directors on February 29, 2024.

(VII) Effect of the stock grants on the Company's business performance and earnings per share:

Not applicable.

Dividends were distributed in cash this time.

(VIII) Remuneration to employees and directors:

1. Employees' and directors' remuneration percentage or range specified in the Articles of Incorporation:

   The Company’s profits concluded from a financial year are subject to employee remuneration of no less than 3% and director remuneration of no more than 5%. The recipients of the employee remuneration distribution must include the employees of subsidiaries who meet certain criteria. The Board is authorized to formulate the certain criteria. Director remuneration is to be distributed in the form of cash. However, where the Company still has accumulated losses, amount shall be reserved for making up the accumulated loss first.

2. The basis for estimating the cash rewards for employees and directors of the current period, as well as the basis for calculating rewards for employees in stock and the accounting procedure in cases when the actual allocated amounts are at variance with the estimated amounts:

   (1) The basis for estimating the employees' and directors' remuneration for the current year: the Company has estimated the remuneration of employees and directors in 2023 according to the profit status of the current year and within the range of the multiplier specified in the Articles of Incorporation, and account it as salary expense.

   (2) The basis for the calculation of the number of shares distributed as the employees' remuneration : The Company does not distribute the employees' remuneration in shares.

   (3) The accounting treatment if the actual distributed amount differs from the estimated amount: The Company's board of directors resolved on February 29, 2024 to distribute the employees' remuneration and the directors' remuneration in cash for NTD 67,000,000 and NTD 5,500,000, respectively. There is no difference to the estimated amount.

3. Approval of the distribution of remuneration by the Board for 2023:

   (1) Amount of remuneration distributed in cash to employees, directors and supervisors: The remuneration in cash distribution for employees is NT$67,000,000, and the remuneration for directors is NT$5,500,000 (all directors agreed to waive this).

Any difference from the estimated amount of the expense recognized for the year, disclose the difference, its cause(s) and solutions: No differences.

(2) The proportion of amount equivalent to the stock distributed as rewards for employees in the earnings after tax in the parent company only financial report of the period and the total amount of compensation for employees: It is not applicable, there have been no stock distribution proposal for this board meeting.

(3) Considerations given for earnings per share after employees' and directors' remuneration distribution: It is not applicable as the employee and director remunerations have been included in the expenses.

4. Actual distribution of employees' and directors' remuneration in the previous year:

Unit: In New Taiwan Dollars

Item	2022 February 23, 2023 Approved by the resolution of the board of directors	Discrepancies	Explanation of the reasons for the differences
Directors' remuneration	$3,300,000	-	-
Employee remuneration	$67,000,000	-	-

If there is a difference between the above amount and the recognized employees' and directors' remuneration, please describe the difference, the cause, and the treatment thereof: No difference.

(IX) Status of stock buyback: Not applicable.

II. Issuance of corporate bonds: None.

III. Issuance of preferred shares: None.

IV. Issuance of global depositary receipts (GDR): None.

V. Issuance of Employee Stock Options and Restricted Stock Awards (RSA): None.

VI. Issuance of new shares in connection with merger and acquisition of shares of other companies: None.

VII. Capital utilization plans and implementation

(I) Contents of the plan

As of the quarter before the date of annual report publication, issuance of securities beforehand, or private placement securities that have not yet been completed or have been achieved within the most recent 3 years, of which the benefits of the plan have not shown yet: Not applicable.

(II) Status of implementation

1. State of execution: Not applicable.
2. Evaluation of the actual benefits: Not applicable.

Five. Operation Overview

I. Business content

(I) Business Scope

1. Main content

A. Planning, integration, and sales of computer systems (e.g. servers, network servers, work stations, PCs, notebook computers, and Thin Clients).

B. Sale of computer peripheral systems (e.g. printing devices, and display devices).

C. Planning, integration, and sales of network products (routers, switches, hubs, network interface cards, network management software, bandwidth management software and hardware, etc.).

D. Planning, integration and sales of data storage system (magnetic disk array, tape drives, tape cabinets, data backup management software, storage area network related software and hardware, and remote backup software and hardware).

E. Development and sales of computer software (e.g. operating system software, office automation software package, database management software, product life cycle management system, manufacturing execution system, enterprise resource planning system, machine maintenance system, enterprise resource management system, service-oriented architecture system, data, data center monitoring and management software cloud computing system, system and network security software, network management software, data backup management software, storage area network management software, publishing and electronic document editing software and e-commerce software, mobile software store website, telecommunication industry data processing software, network equipment monitoring and alerting, enterprise business opportunities trading platform, content management software, search engine software, and single account management).

F. Development of applied software for industries (e.g. manufacturing, telecommunication, government agencies, and financial services).

G. The planning, integration, sales and consultation services for information security products (e.g. firewall, hacker intrusion prevention, vulnerability scanner, authentication and encryption system, document security system, information security endpoint control, online behavior control system, application control firewall (new generation firewall), mail security and life cycle management security systems, enterprise security policy defense systems, and wireless network security products).

H. Maintenance service and consultation.

I. Sale of consumables.

J. Communications engineering business.

K. Development of other special application programs to support the sale of computer systems, computer peripheral systems, network products, and computer software.

L. Managed Detection and Response (MDR), and managed security service provider (MSSP).

M. Planning of artificial intelligence system architecture and cloud-ground integration services.

2. Weight of business (consolidated for FY 2023)

Business Activities	Operating ratio %
Workstations and server host	10.39
Personal computer	0.79
Computer peripheral products	6.61
Network products	20.78
Computer software	13.76
Consulting and maintenance service	33.39
Others	0.10
Storage device	14.18
Engineering	0
Total	100.00

3. The Company's current products and services

A. Server host: Database server host (IBM, HPE), file servers (IBM, HPE), network servers (IBM, HPE), and AI servers (NVIDIA).

B. Data storage equipment: Disk array (IBM, HDS, NetApp, HPE, Nimble, and DataCore), storage area network-related interface cards (Broadcom), hubs, switches, routers (Extreme, HPE Aruba), and management software (Veritas).

C. Personal computers and network servers: There are desktop, notebook, and industrial models.

D. Computer peripheral equipment: Various inkjet printers, laser printers, and high-speed laser printers.

E. Network products: Routers, switches, network management software, network printing devices.

F. Computer software: Operating system software (Solaris, Linux, Windows), office automation software packages, cross-platform integration (VMware), product life cycle management system (PLM), manufacturing execution system (MES), enterprise resource planning system (ERP), Planned Maintenance System (PMS), Enterprise Resource Management (ERP), Anti-money Laundering (AML), Service-Oriented Architecture (SOA), Cloud Computing, system and network security software, data backup management software (Veritas), storage area network management software, publishing and electronic document editing software and e-commerce software, telecommunication user portals (App Store), telecommunication Call Detail Record (CDR), Network Management Station (NMS), Business Trade, Content management software (CMS), Search engine software, Single sign-on (SSO).

G. Planning, integration, sales and consulting services for information security products (firewalls, hacker intrusion prevention, authentication and encryption systems, document security systems, wireless/authentication systems, corporate security policy defense systems, spam, and wireless network security products).

H. Maintenance services: Free maintenance services, paid maintenance services, and contract maintenance services within the guarantee period.

I. Education and training: Free and paid education and training are provided to customers.

J. Consumables: Floppy discs, magnetic tapes, ink cartridges, toner cartridges, automatic document feeders.

K. Engineering: Optical fiber network engineering and building telecommunication equipment room engineering.

L. Managed Detection and Response (MDR), and managed security service provider (MSSP).

M. Planning of artificial intelligence system architecture and cloud-ground integration services.

4. New products and services in development or under development

A. Blood management information platform@Docker/Microservice.

B. Anti-money laundering system for trade financing (B2B).

C. IT information security scoring system.

D. Development and practice of EAR ZT zero trust security interconnection technology platform

E. Create an agile AI application development framework.

F. Application and research of fiber optic cable information management and optical transmission over All Optical Network (AON).

G.Leveraging suspicious transaction investigation techniques from bank anti-money laundering efforts to develop an artificial intelligence-assisted risk grading mechanism for suspicious transactions.

(II) Overview of the industry

1. Status and future development of the industry

The current status and development of the IT industry have several key points:

- Major manufacturers have already entered the market and become cloud service providers.
- Domestic telecommunications companies have invested heavily in corporate customer service.

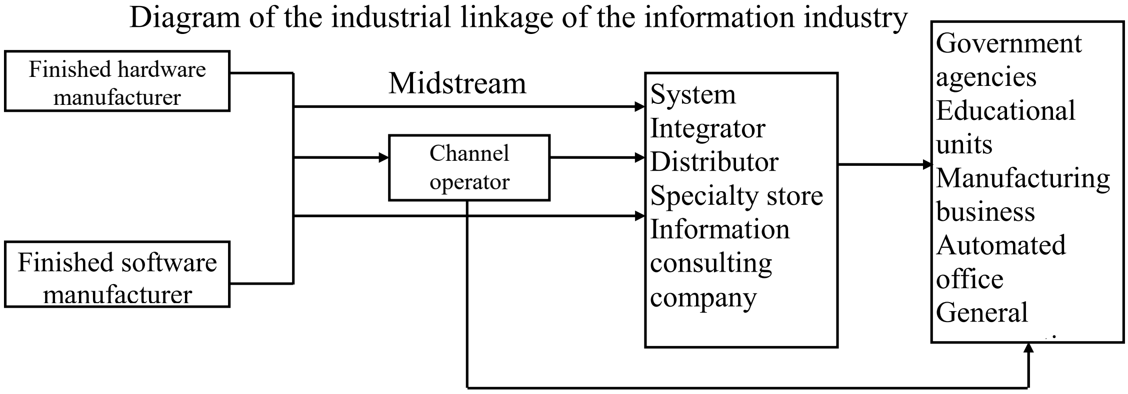
- The operation of various cloud services (IaaS / PaaS / SaaS) has grown year by year, and the public cloud has been implemented.
- The "Hyper-converged , software-defined " data center solution will soon become the mainstream solution in the market.
- Major manufacturers have invested in and supported the standardization of open source code.
- The financial service industry actively adopts Fintech, Regtech, blockchain, anti-money laundering, and Securities Continuous Trading technologies.
- Major software and hardware manufacturers continued to merge.
- Mobile devices (smart phones , tablet PC) have become the mainstream human-machine interfaces, and the demand for desktop services suitable for mobile devices is increasing.
- Information security threats are increasing day by day. Hacking tools provided to GenAI hackers through the dark web, APT attacks, file encryption, and DDoS extortion attacks have caused huge losses in many countries around the world. Endpoint protection (XDR) has become the new mainstream for information security protection.
- With the booming development of IoT (Internet of Things), various innovative applications have been proposed one after another, and information security manufacturers have released IoT information security protection systems one after another.
- Big Data analysis has become one of the mainstream options for enterprises to upgrade their competitiveness and explore new business opportunities.
- Continual expansion of services for corporate customers and transmission bandwidth in the telecommunication industry; Enhancement of service quality through customer experience management; Replacing traditional local calls with IP phones; competing with cable TV providers for higher speeds; accelerating G-PON deployment. 5G operation commenced. More edge computing nodes are deployed in the RAN equipment room to provide applications such as AIoT, AR, and VR.
- Covid-19 has accelerated enterprises' digital transformation, such as hybrid office, business automation, and global management.
  The emerging cloud native model, the development of IoT, artificial intelligence (AI), mobile devices, and wireless 6G operations have all brought new network requirements to the IT network architecture. At the same time, the demand for huge networking equipment, derived from the complexity of network operation, information security, and management, has also become another demand of enterprises. The current network development trend is to use artificial intelligence (AI) and machine learning to automate the management of complexity as much as possible to protect operations, achieve rapid operation, flexible deployment, and improve the decision-making ability of corporate network management.
- Industry 4.0 has been introduced by advanced industries, and the manufacturing industry has actively embarked on the preliminary operation of factory automation.
- All walks of life have begun to use GenAI, deep learning and machine learning to create innovative industrial applications.

In the next few years, both system integrators and enterprise users will focus on the following nine major areas:
(1) Cloud service (cloud and ground integration)
(2) Green environmental protection information equipment (ESG carbon footprint issue)
(3) Next Generation Data Center Migration
(4) Performing Storage Consolidation
(5) Hyper-converged system

(6) Mobile application (SMAC-I) and edge computing
(7) Internet of Things - IoT (Internet of Things) infrastructure and service development
(8) Big data, artificial intelligence (machine learning, deep learning, GenAI)
(9) Information Security

2. The relationship between upstream, midstream and downstream of the industry

Diagram of the industrial linkage of the information industry



The Company's main products include servers, work stations, mainframes, peripheral products, network communication equipment, information security products, and professional information software. In terms of its industry characteristics, with its professional technical capabilities combined with a complete set of marketing channels, it has obtained the agent and marketing rights of upstream products, and integrates downstream customers' product needs for purchases from upstream manufacturers to gain a greater price advantage. We sell our products to downstream customers through flexible inventories management and marketing strategies. This industry refers to the professional channel operators in the overall information industry. The upstream are mainly well-known finished hardware/software manufacturers, and the downstream are system integrators, distributors, specialty stores, and information consulting companies engaged in the sale of information related products. In summary, currently, the upstream vendors of the information industry are mainly focused on the R&D and manufacturing of professional IT-related products, the mid-stream vendors aim to promote the market and establish marketing channels as their primary business purpose, and the downstream vendors provide end user delivery and maintenance services, technical support and other services, through which the professional division of labor among the upper, middle and lower can jointly create abundant profits. The Company currently focuses on the role of the downstream system integration distributor.

3. Product development trends and competitions

The Company's business scope covers the following main items: Server hosts and work stations, storage devices, personal computers, computer peripheral products, network products, information security products, computer software, consulting professional services, and maintenance services and projects. The Company is a major high-tech information services provider in total solutions. The description of the development trend and competition for the top six main business activities of the Company is as follows:

(1) Mainframe server

In addition to providing ongoing services for the equipment purchased by our users, we also sell mainframe servers from IBM, HPE and NVIDIA.

These products include AMD CPU, Intel CPU, and IBM Power CPU (all of which can support the GPU of various brands for AI deep learning operations).

When an enterprise is planning an integration solution, it is important to improve performance and reduce costs. However, if an enterprise recklessly pursues low-cost, and as a result it is impossible for the target environment after integration to meet the requirements of the enterprise, no amount of cost saving will come of it. Therefore, enterprises must fully realize the fact that there are inevitable risks involved in server integration, but server integration can indeed reduce management costs and increase equipment utilization.

After the integration of the enterprise information framework, the benefits are not only easier management and higher utilization of resources, but also the efficiency of the overall IT operation will be better and less prone to errors. Integration does not mean giving up old systems, but eliminating superfluous ones based on the needs of the enterprise, leaving the most stable and important systems and allowing these systems to execute on the new platform at a better speed.

(2) Storage device

The maturity of cloud storage service has crowded the traditional enterprise storage market and will even become the main storage method for enterprises. Only flash storage, which wins the competition with speed, bucked the trend and grew to become the protagonist to satisfy the demand for external storage of enterprises. No matter how the economy develops, The amount of data held by enterprises will continue to increase over time. Paradoxically, the percentage of traditional enterprise external storage products (SAN, NAS, and DAS) in enterprise storage sales has been declining over the recent 3 to 4 years. The reason for this phenomenon is that the emerging storage architectures such as Server SAN, Hyper-converged, and public cloud have crowded the market of original traditional storage products. Among these emerging architectures, the public cloud storage service is the most threatening to traditional storage products. The advent and maturity of public cloud storage can be said to be the new architecture that has the greatest impact on enterprise storage applications in most recent years. Public cloud storage service providers such as AWS and Microsoft have also become the biggest competitors to traditional enterprise storage equipment suppliers. In terms of traditional enterprise storage, the market share of flash storage arrays continues to grow, which shows that corporate customers are placing great emphasis on flash storage applications. These market changes can be roughly divided into several factors, except that the upgrades in the capacity and reliability of NAND Flash memory chips are better than ever. In addition, storage manufacturers have optimized the data deduplication and compression technologies so that corporate customers can purchase high-performance flash storage arrays at more affordable prices and accelerate the ranks of production applications. Therefore, storage applications can get rid of the performance bottleneck of traditional hard drives and bring almost limitless growth in performance and capacity density for enterprise storage. As far as enterprise storage is concerned, compared to the declining traditional high-end storage arrays or the entry-level storage devices with low technology threshold and low profit, the all-flash storage arrays based on flash memory have become the only external storage devices for enterprises. It is one of the fields where the development is most booming and the competition is the most fierce. In the most recent 2 years, when new or upgraded storage products are introduced, all storage manufacturers would have introduced the all-flash configuration at the same time. The all-flash structure has became the only way out for the future of storage products.

(3) Network products

The rise of new IT technologies has driven the evolution of the Internet. New technologies and models, such as: Micro-server application model, mobile devices, cloud computing, immersive experience and the Internet of Things, which will drive the major evolution of the network. We can see that the new generation of network has transformed from Software-Defined Networking (SDN) and Network Functions Virtualization (NFV) to Intent based Networking (IBN). IBN has improved the automation capability of SDN, enabling it to convert intentions into rules, collect data, and provide visibility analysis. Combine network monitoring with AI and machine learning to correct problems, provide intelligent feedback of network environment data, and ensure that the principle is executed exactly as intended. The purpose of IBN is to continuously apply and protect the service performance requirements, security and compliance principles, and IT operation procedures in the entire network. The Application Programming Interface (API) on the open platform controller allows the controller to integrate and exchange intelligence with adjacent networks, IT services, other IT domains, business applications, and heterogeneous infrastructure.

It is expected that the IBN network architecture is affecting the entire network applications. With the rise of new IT technologies, enterprises will need to evaluate whether their networks are ready to provide network services at the speeds required for corporate activities. The network team needs to implement the principles of dynamic segmentation and service optimization automatically executed from the client to the application and between distributed workloads on a large scale and across network domains (access, WAN, data center, multi-cloud, IoT). Therefore, the complexity of the network architecture has increased the demand for network automation, and AIOps (Artificial Intelligence for IT Operations) can improve the efficiency of NetOps (Network Operations).

IBN, NFV, Cloud, and SDN are also changing the operation and scope of the modern data center. We see that today's data center is no longer a single location. The emerging "distributed data center" is the result of the coexistence of applications and data in a hybrid, multi-cloud, and edge environment. However, the operation method of a distributed data center is different from that of a traditional data center. IT organizations need to adapt and change their technologies and operations in order to meet the demands for increased application programs and network connections with this new architecture. Work loads are not static, but constantly move between multiple clouds and physical data centers. Therefore, DevOps teams must use continuous integration and continuous deployment (CICD) to quickly launch new applications and services to keep up with the rapid pace of business. New technologies such as microservices, containers, and APIs are completely changing the design of applications.

With the development of new network models and applications, the traffic and data of the data center network grow rapidly, and information security risks are increased and taken seriously. Therefore, the Secure Access Service Edge (SASE) network architecture model also appears. SASE can combine VPN and WAN functions with cloud-native security functions, such as secure network gateway, cloud access security agent, firewall, and zero trust network access. These functions are provided through the cloud as the service of the SASE vendor. SASE is the vision of the future secure network model that enterprises should strive to achieve, but cannot be realized by any vendor at present.

(4) Information Security Products

In recent years, Internet of Things (IoT) devices have been widely used. While connecting Internet of Things (IoT) devices to the corporate network brings obvious benefits, it can also expose you to new network threats. From IP cameras and smart elevators to medical devices and industrial controllers, IoT devices are inherently vulnerable and can be easily hacked. Many of these devices run on unpatched systems that are misconfigured or use insecure communication protocols, which can cause security concerns. Due to the limited visibility and control over existing IoT devices and related risks, it is necessary to strengthen the threat defense solution for IoT applications in the next generation firewalls. DDoS attacks using APIs have been reported since the beginning of 2018. This method is different from reflective and amplified attacks in that it is mainly executed through remote control. In this way, hackers can extract the payload of the packets from connection behaviors to obtain the API key. API plays the role of Request/Response, but almost no rigorous security measures have been implemented in this area. Therefore, they can be easily tampered with to execute commands with a false identity, and then initiate high-frequency connection access requests to produce the effect like a DDoS server or intrusions into the host computer. API Security has become an integral part of the security world.

The Internet, mass data, cloud computing, Internet of Things and other technologies have brought convenience to personal life and provide technical support for the development of enterprises. However, many major incidents have taken place on the global Internet in the past. Personal information leakage seems to have become a common occurrence, APT attacks emerged one after another, and DDoS hackers' frequency and techniques continued to increase and become more complex. There was even an attack with the largest traffic volume in history. Based on the industry survey and research, the main development trends of the information security industry have been forecasted:

Trend 1: Consumers are the Targets of Hackers

The targets of hackers are no longer limited to enterprises and governments. For example, there have been many recent incidents of encryption for blackmail or online bank account theft. Hackers have directly endangered consumers, and this phenomenon will also spread to the Internet of Things. More sophisticated new technologies will affect consumer and home technology. Personal devices such as Bluetooth and wireless network communication have become the portals for entering personal home systems and communications. For example, if the Global Positioning System (GPS) is hacked, it may lead to a tragic event. In addition, an IoT that lacks defenses, such as a "Smart Home," it will leak personal information and information of current residents to hackers.

Trend 2: Integrate multi-layer security architectures

The defense effect of a single-layer security architecture or point solutions provided by multiple suppliers is poor and is an outdated security principle. We will see that more and more suppliers are acquiring all the necessary security elements to be integrated through development, cooperation, and acquisition to provide integrated, multi-layer solutions.

Trend 3: Continuous Big Data

Suppliers and businesses alike are searching for the magic formula for big data. Vendors are trying to design and build a "turnkey" big data "solution" that can be repeated and adds value to the user base. Enterprises are looking for "turnkey" solutions that can be implemented to create a stronger defense, smoother data environment, and stronger security awareness within the enterprise.

Trend 4: Silent attacks

It is expected that there will be more continuous and more sophisticated attacks to steal users' IP addresses and money without leaving any clues. This phenomenon will only continue to increase. Therefore, it is very important to make security an integral part of the overall IT infrastructure, and implement layered security protection to defend against threats and attack opportunities at the first instance.

Trend 5: Attacks on the supply chain

The supply chain attack is the second aspect that enterprises should pay attention to, which will become a new gap in enterprise defense. This will give opportunities for opportunistic attackers, and such risks have become more obvious in the medical field. Medical equipment that is connected to third-party suppliers, such as MRI and X-ray machines, are connected to the intranet every day, which increases the attack surface and increases the vulnerabilities, which are beyond the control of the hospital.

For the supply chain attack, the target of this kind of attack is not the enterprise itself, but the upstream and downstream suppliers of the enterprise to harm the enterprise next. There have been many cases in 2018. We will continue to see occurrences of such cyber attacks in the future.

As Taiwan's manufacturing industries play important roles in global supply chains, such issues are particularly relevant to Taiwan. For example, enterprises use ERP to manage supply chain, and now many upstream and downstream systems are integrated, and third-party partners also need to be included in the management.

In view of this, we should adopt a brand-new information security policy management mindset (for application, information security threats, and virus protection), and take the initiative to master and control the use of various applications, and regulate and protect online behaviors in order to achieve management over misconducts , encrypted connection (HTTPS) management, improve the flexibility of information security policies and management efficiency, control of application usage, and complete reporting in compliance with laws.

Therefore, in order to effectively deal with the hybrid attacks and application layer attacks, and at the same time take into account the factors of management and cost, the demand for "integration" has arisen. The so-called integration, on the one hand, is to integrate the functions of various types of protective equipment into one furnace, on the other hand, to integrate management interfaces for centralized control, and most importantly, it is to integrate both new and old software and hardware to form a multi-layered active defense network. In order to reflect the above voices and needs, whether it is information security software or hardware equipped, the products are gradually developed in the direction of integration and multi-function. For SMEs, the equipment-type product that integrates firewall, intrusion detection, bandwidth management, content filtering, and anti-virus functions not only saves a great deal of procurement and construction costs, but also saves time in deployment and management. It can also save a lot of expenses. It can be said to be a once and for all approach.

A mobile work environment enables employees to access all of their application programs, data, and personalized desktops - providing the best performance and meeting everyone's security, performance, personalization, and mobility requirements. Provide all employees with access to the self-service application.

The mobile work environment is a flexible solution that simplifies the deployment and life cycle management of applications and desktops to reduce IT costs. Through centralized management and delivery of standard images based on demands, IT departments can increase the success rate of updates for application programs and desktop images, and provide role-based management, configuration settings, security protection, and support for corporate devices and employees' personal devices.

On the other hand, the rise of information security outsourcing services is certainly due to the result of market demand. The emerging information security attack incidents, combined with the diversified mixed attacks and various intrusion methods, they often cause great losses to individuals and companies. In this case, an enterprise must establish a group of talents with relevant professional skills and knowledge, and conduct regular training to familiarize them with new equipment, new functions or new threats. More importantly, enterprises must be able to assume the risk of window period and training go in vain due to the turnover of relevant personnel, and have the ability to substitute personnel and relevant training at any time. Large enterprises with abundant human and financial resources, can certainly maintain and bear the load but for small and medium-sized enterprises, it is an unbearable burden. The best solution to effectively save manpower, training, management, maintenance and related equipment costs is to entrust the information security protection to an information security vendor with a professional team and technical know-how.

In addition, from the perspective of the R&D trend of the major information security manufacturers, the new generation of information security defense technology will use big data analysis, User Behavior Analytics, Deception, and Isolation technologies to develop products with machine learning and cognitive capabilities. In view of the increasingly rampant hackers, which also depend on AI intelligent analysis in the information security cloud, Endpoint Detection and

Response (EDR) seems to have become the prominent technology of information security defense in recent years. The main purpose of Endpoint Detection and Response (EDR) is to detect abnormal activities on the endpoint system, in order to detect hackers as soon as possible and reduce information security risks that may be caused in the future. In addition, on 2021/8/23, the government promulgated and amended the "Information Security Responsibility Hierarchy Regulations" to mandate that Class-A and Class-B public authorities must implement an endpoint detection and response mechanism within 2 years. In the traditional information security protection system, policies and rules are defined in advance, and all action plans are fixed in the rules. In practice, however, it is difficult for them to adopt fixed policies in response to the ever-changing needs of their business. The EDR rule allows for detection and decision-making before action and measures are taken into consideration with flexibility in work and protection against data leakage. EDR collects monitoring data from all aspects, and the endpoint detection and response system can identify and analyze potential attacks in advance. In this way, attacks can be interrupted at the initial stage before serious losses or intrusions occur. This will prevent losses. Real-time response also allows organizations to identify suspicious behaviors or unauthorized behaviors on the network, so as to find out the root cause of the threat before the threat affects the operation. The correlation analysis of the data from endpoint, network and SIEM can even achieve prevention, stopping, and isolation, to minimize the damage to the local machine, and to prevent the expansion of the disaster at the same time.

The interest in zero trust network access is proliferating recently, in part because of its attractive name and its widespread use in the entire network security industry. The other reason is that we really need it.

Due to the rapid growth in number and complexity of network attacks, the scope of attacks also expands rapidly. However, if enterprises still adopt the "one-size-fits-all" approach to deploy security tools against various types of applications or threats, security management and implementation will become very complicated.

From the perspective of security and performance, those too are outdated and cumbersome VPN solutions that are no longer up to the demand. These old solutions do not have the concept of context; therefore, they do not understand how to apply the least privilege access based on the application program, user or device. Instead, they grant trusted access to the entire network segments. In the world of hybrid work and cloud migration, the old VPNs are no longer effective.

It is against this background that the Zero Trust (ZTNA) method was born to address the challenges posed by the old VPNs. However, VPNs have proven to be more dangerous than helpful, due to several key limitations:

Too many restrictions on access rights are not a zero trust approach. It only supports rough access control, and categorizes applications according to the L3/L4 network architecture (such as IP address and port number). Therefore, VPNs tend to offer excessive access rights simply because of the low-cost, especially for applications that use random connection ports or IP addresses. Once the access right to the application is granted, the communication between them will be trusted forever. VPNs assume that users and applications will act in a trustworthy manner at all times, and this is how disasters can result.

The security is too low to support only a small number of private applications, and it cannot properly protect microservices-based cloud-native applications, such as voice and video conferencing applications so forth applications that use dynamic ports or the service counters, repair systems and so on application programs that are started up by the system server. In addition, the VPN approach completely overlooks SaaS applications and offers little or no visibility or control over data.

Under such circumstances, the following methods have been introduced to resolve the ineffective access restrictions.

- Least privilege access: It is necessary to identify the 7th layer application, enabling precise access control at the application and sub-application level without being affected by network structures such as IP and port numbers..
- Continuous trust verification: Once an application has been granted the access right, the system will continue to perform trust evaluation based on the changes in device status, user behavior, and application behavior.
- Continuous security inspection: In-depth and continuous inspection of all traffic, the same to authorized connections for avoiding all risks, including the zero-day threat.
- Protect all data: Use a single policy to provide continuous date control for all of the APPs (including private APPs and Saas) used by the enterprises.

Ensure the security of all applications, and protect all applications used in the enterprise, including modern cloud-native applications, legacy private applications, and SaaS applications. These include the application program using the dynamic port and the application program using the server initiated connection.

As of today, work no longer refers to where we go to the office, but rather the activities we perform. During the peak of the pandemic over the past two years, many enterprises focused on expanding the VPN infrastructure. However, this approach no longer works. Therefore, ZTNA solution, Chiang Hui, is a necessary solution to overcome the existing restrictions of VPN. In addition, it is also an appropriate framework to provide long-term support for the enterprise.

(5) Computer software

Compared with the hardware industry, the visibility of Taiwan's software industry has always been low, and the scale of software companies is generally small, and it is relatively weak in terms of the acquisition of resources or talents; subject to many unfavorable factors, resulting in the development of the software industry facing a bottleneck. However, as the IT hardware industry gradually enters a situation of meager profits, how to increase the added value of hardware products through the development of software and applications has become the focus of many.

Taiwan has an excellent hardware industry foundation. If the software and hardware industries can cooperate with each other to promote the development of software, the competitiveness of hardware manufacturers can be further improved and the output value increased. As applications become mobile and cloud-based, development technologies are containerized, and combined with a distributed cloud-based system architecture, the user experience and application delivery will become infinitely flexible, and both development prospects cannot be underestimated.

Taiwan's hardware suppliers have already invested in internationalization and globalization, and the scale is relatively growing. This niche does not narrow the software industry, on the contrary, it provides small software suppliers with a great survival niche. In addition, because Taiwan is relatively early in the process of informatization, the economy and commerce are relatively developed, and the system integration capabilities of the engineers are relatively outstanding, and they have higher creativity. These are the advantages for Taiwan's software industry to internationalize.

Taiwan's software industry not only has good "integration" ability, but also "quality" in it. If application software, tool software, infrastructure software, and even information services are included, the value chain of the software industry is actually very long. Only by fulfilling roles and nurturing capabilities at every step in the value chain can a lasting service be created so that customers can use the products with confidence and reap the benefits, followed by localization, regionalization, and internationalization.

(6) Professional consultancy and maintenance services

With the common wave of global corporate mergers or system integration, business operation models have become more and more complicated. The challenges facing enterprises have become more and more formidable. Under this premise, how can the IT department, with the rapid expansion of the scale of enterprises, makes a flexible adjustment to the information architecture under the keynote of security management? This has become the general trend. In particular, the information architecture platform of the new generation data center has become the key to boosting the competitiveness of enterprises.

Traditionally, Taiwan started as a manufacturing industry and focused on production capacity. Today, the so-called competitiveness not only refers to production management and cost control, but also includes economic added value and new applications created by using competitiveness. In order to develop a new business model for Taiwan's IT industry, it is necessary to start from the software technology, content and hardware equipment manufacturing capacity.

As far as the development of science and technology and the refinement of software writing methods are concerned, the probability of successful execution of the server integration system project will increase. Therefore, if a company desires to lower the IT costs, such as, manpower, equipment and management, the original distributed processing architecture must be consolidated, which is an inevitable trend. There are two possible solutions for consolidation. One is single system architecture integration. Existing application programs are completely or partially rewritten to be consolidated into one architecture. Although the front-end operation burden is higher, it can maximize long-term benefits. Second, the application system isolation method can be adopted, and application programs with different attributes can be effectively separated through one or a small number of high-performance and high-flexibility medium and large mainframes.

Both of these two integration models can be achieved with the mainframe featuring mainframe stability, open architecture, and multiple computing frameworks, together with their rigorous implementation methodologies and consulting service. This is the system’s opportunity of integrating vendor consulting professional services and maintenance services.

(III) Overview of technology and R&D

1. Research and development expenses in the most recent year and as of the annual report publication date:

Unit: NTD thousand

Year	Amount
2023	90,305
For the three months ended March 31, 2024	21,926

2. Technology or product developed successfully in recent year:

Time	Name of R&D plan	Explanation
2023	Application and research of fiber optic cable information management and optical	Although the global network capacity has shown a proportional increase in the past decade, it still needs to be further expanded to meet the needs of next-generation large bandwidth, low-latency services and AI applications. In today's business environment, achieving the next dimension of scale requires focusing on sustainable growth and closely managing overall operating costs.

Time	Name of R&D plan	Explanation
	transmission over All Optical Network (AON).	New optical technologies, network architectures and operating models are some of the key elements required for success. Navigating through all of these elements can be complex, however. In Taiwan, Stark Technology Inc. is promoting the development of optical network. We focus on building networks that are optimized for today's delivery and are well-prepared for future bandwidth requirements. With our innovative optical technology, advanced network automation platform and experienced professional optical network construction team, we can help domestic operators simplify the current and future optical network expansion paths. The concept of Dark Fiber resource exchange has led to the creation of all-optical network services. This utilizes the maximum potential of existing optical fiber resources owned by various entities, offering a research and application solution that provides rapid, low-cost access to optical networks and establishes best practices for efficient and reliable all-optical networks.
	Create an agile AI application development framework.	Although conventional artificial intelligence (AI) architecture has made certain achievements in the development in recent years, it also faces a series of challenges and limitations. These issues not only affect the performance of traditional AI models, but also limit their potential and flexibility in practical applications. This project will be based on "Building an Agile AI Application Development Architecture", including providing development tools, native cloud framework and pre-trained models, and providing IT professionals with reliable management and coordination functions to ensure performance, high availability and security. This function primarily assists businesses in reducing costs and complexities throughout the artificial intelligence lifecycle, from data preparation and model training to inference optimization and ultimately large-scale deployment, speeding up the process compared to previous methods. In addition, we provide support services to help your AI project proceed as scheduled, and assist enterprises to quickly and completely build their own generative AI systems.

Time	Name of R&D plan	Explanation
	Leveraging suspicious transaction investigation techniques from bank anti-money laundering efforts to develop an artificial intelligence-assisted risk grading mechanism for suspicious transactions.	Since Taiwan has vigorously promoted anti-money laundering policies, many financial institutions adhere to the highest principles of compliance. Any suspicious transactions detected are mandatorily reported, which, while enhancing the prevention of money laundering, also inadvertently increases the number of cases reviewed, thereby adding to the burden of subsequent processing. The traditional process of detecting suspicious transactions uses detection parameters manually defined based on patterns of suspected money laundering published by the Bankers Association. The system conducts multidimensional risk weight detection to filter and identify suspicious transactions, which are then reviewed and adjudicated by relevant personnel. However, as financial institutions have continuously expanded and diversified their transaction services over the years, increasing the flexibility of multiple transaction processes has also increased the volume and complexity of transactions. The traditional process of detecting suspicious transactions thus generates a larger number of suspect cases, increasing the burden on personnel tasked with reviewing them. Based on our years of experience in assisting banks in introducing financial compliance services, our experience in cooperating with relevant foreign original banks, and based on the suspected money laundering transaction patterns published by the Association of Banks, we have applied artificial intelligence analysis technology to establish an appropriate modeling process. By developing a risk classification auxiliary analysis mechanism suitable for financial suspicious money laundering transactions, it can reduce the burden on personnel, simplify the bank's internal conduct risk investigation, and conduct timely detection and prevention of financial risks, hoping to contribute to the development of Taiwan's financial technology.

Time	Name of R&D plan	Explanation
	Development and practice of EAR ZT zero trust security interconnection technology platform	Follow the "Zero Trust Architecture" (SP.800-207) defined by the US National Institute of Standards and Technology (NIST), and cooperate with the requirements of the Information Security Institute of Taiwan to construct three core mechanisms for a zero trust network in three phases: Development and implementation of zero trust security interconnection technology platform for identity authentication, device authentication, and trust inference: 1. Complete technology R&D and translate R&D results into products. 2. The products submitted for inspection have passed the functional conformity verification of the government's zero trust framework. 3. Carry out product diversification and diversified R&D integration, and integrate different products and application platforms according to different fields. Completed in 2023: 1. For technology R&D, the company integrates multi-national patented technologies from OmniBud and other companies to complete the zero trust access management solution of the core components of the NIST zero trust architecture and necessary supporting components, including: a. EAR E.164 Subscriber Encoding patent technology. b. EAR E.164 Subscriber Routing Management patent technology. c. AOTP AAV Access Authorization Verification patent technology. d. LAV Legitimate Access Verification patent technology. e. EAR SOC Zero Trust Cybersecurity Situation patent technology. f. EAR E.164 Distributed Communication patent technology. 2. In product development, utilizing the completed EAR ZT architecture, tailored application-integrated products are developed according to different user scenarios, including: a. ZTDISK - Secure file collaboration and exchange in a protected, privately segmented storage space for internal personnel and external suppliers, without the use of third-party communication software or cloud storage platforms to ensure confidential and private file collaboration and exchange. b. ZTMEET - Secure communications or online meetings using protected proprietary meeting equipment for internal personnel and external suppliers, avoiding the risks of eavesdropping and recording by eliminating third-party meeting platforms (paired with free third-party meeting services, offering about a 1:10 security meeting requirement).

Time	Name of R&D plan	Explanation
	Development of an IT information security scoring system.	As the concept of information security deepens, many enterprises or organizations are willing to invest a lot of resources to strengthen the security of their IT environment. After efforts are made, it's also important to understand the extent of the outcomes, which ideally should be 'quantifiable'. It is precisely because of this desire and demand that many information security vendors have launched an information security scoring solution for enterprises or organizations, so that users can clearly understand how their IT environment scores. However, these solutions often have one of the biggest blind spots: due to confidentiality and access rights constraints, they are based on various externally collected information and have no way of knowing the true internal IT environment status of the collected objects. Therefore, the scores obtained are often inaccurate. Although they are still of reference value, they may not be the true security status of the enterprise or organization. This project is aimed at this oversight. It goes deep into the IT environment of the enterprise or organization to review various security testing and management systems, and integrates this information. Finally, a score is given that truly reflects the security status of the internal IT environment, and corresponding suggestions are given.

(IV) Long, Short-term business development plan

(1) Short-term plan development direction

A. Investment in mobile application software R&D, access to cloud services, mass data analysis, AI, and blockchain

IDC's five major trend predictions for the ICT market in 2024 include: the next wave of developments in generative artificial intelligence technology: full industrialization, AI moving to personal devices, generative AI applied in cybersecurity operations to achieve autonomous network security, the advent of the cloud operations cost control (FinOps) era, enterprises focusing on value-oriented cloud adoption, and the next generation of supply chain carbon management trust mechanisms; areas into which our company has already invested or is actively planning to enter.

B. Provide the information system needed for the growth of corporate customers

The Company's customers are all large corporate customers, and their demand for information systems has grown from accounting processing in the past to the service that “anyone, anywhere, anytime, and any tool” can access information. In the future, the Company will further develop into taking the information system as the core strategic requirement for the Company's growth. In response to the complex needs of customers, the Company will invest more in talents, introduce new tools and platforms, develop new products, contract more large-scale projects, and assist customers in cloud and land integration planning. First, we can meet customer needs, and then we can get rid of the low-margin market. The competition from many peers has allowed the Company to enter the niche market with higher added value.

C. Assist enterprises to develop mobile application software into APP, micro-service (container), and mobile workspace

Enterprises are constantly seeking the best solutions in terms of corporate flexibility and employee efficiency. With the popularization of smart mobile devices and the continuous improvement of device performance, the mobilization of the enterprise's core system has become the mainstream consideration in the conversion. The Company has developed mobile APPs for more than 12 years, and with the total mobile workspace solution developed by foreign IT manufacturers, we are able to provide enterprises with next-generation mobile services and new-generation software and micro-service development technologies.

D. Enhance the introduction of new products so that customers can purchase at one time

At present, we have represented more than 30 kinds of world-class software and hardware to meet the needs of corporate customers. This year, several software and hardware agents will be added so that customers can purchase at Stark Technology as a one stop shop and the service breadth and depth will be increased.

E. Continue to increase technical support manpower

At present, in addition to providing installation and maintenance of more than 40 kinds of products, we will continue to increase the distribution of products this year. At the same time, it is necessary to establish sufficient technical personnel to provide complete and professional information service. The growth and improvement of fundamental learning ability of the technical personnel is also one of the important directions of the Company.

F. Cultivate industry-specific consultants

In addition to providing complete IT tools and after-sales service, it is also important for system integrators to help create more business opportunities. By understanding the industry trends and needs of enterprises, we hope to get closer to the challenges and needs of corporate development, and give more comprehensive and complete professional suggestions, so as to coexist and prosper together.

G. Establishment of network information security exhibition center

In addition to the sale of IT equipment, in order to differentiate ourselves from other system integrators, Stark Technology has been actively nurturing IT security talents and building up IT security capabilities. We have quite some accomplishments in the banking, e-commerce, schools, manufacturing industries, and government departments. We have made it not only in the sale of equipment, but also in cooperation with professional information security services, so that the products can exert the maximum benefits.

In recent years, hackers' attack methods have become more and more diversified, and the targets of attack have shifted to the core information of enterprises, including customer information, confidential R&D, and personal information. A variety of attack methods have been used to achieve the purpose of intrusion, internal diffusion, and information theft. Therefore, a single information security device cannot provide effective protection. It is necessary to use multiple information security products for joint defense against various attack methods, and coordinate with professional equipment policy adjustment and information security services to effectively defend against omnipresent hacker attacks.

In order to more effectively demonstrate the product functions and the benefits of joint defense, the Company has established a network information security exhibition center to simulate the internal environment of an enterprise. It can also be combined with the deployment of information security equipment to demonstrate the functions of the equipment, so that customers can clearly understand the information security equipment deployment method and the effect of joint defense. In addition, the simulation environment can also be adjusted according to the customer's environment, so that the products can be presented effectively in line with the needs of the customer. This enables customers to understand the benefits of information security products and Stark Technology's information security services.

H. Develop integrated service businesses of Stark Technology on the big data topic

We will propose suitable solution plans for industries based on the company’s experiences in high-tech manufacturing, telecommunications and financial services from the big data analysis, and so on applications. This includes consultation, platforms, and analytical tools.

I. Establish MDR (Managed Detection and Response) and extend NDR and CDR managed services

We will use the Company's solid information security consulting and technical capabilities to provide customers with a more comprehensive range of MDR, NDR, and CDR professional services covering active and detection of possible or ongoing information security incidents, potential threats, and security risks in advance, blocking the attacks at the instance and responding to them.

(2) Long-term plan development direction

A. Strong software development and integration capabilities

The Company has successfully developed ERP software, factory automation systems, anti-money laundering systems for finance, blood banking systems, and customer experience management systems for telecommunication companies. This fits the scale expansion of the domestic finance and capital market and the Internet development in recent years. There are unlimited opportunities in the future. The Company is also actively developing software related to manufacturing, financial services, and telecommunications with the existing manpower and experience in order to expand the business scale.

In addition, the Company's integrated disaster recovery (BC/DR), professional network services (Networking), telecommunication, professional services for JAVA/J2EE, Information Security, Business Intelligence, network management, professional database services (DB), big data analysis, deep learning/machine learning (AI), professional storage management services, Enterprise Information Portal, Balanced Score Card, Customer Service Center and Call Center functions have demonstrated excellent integration ability in order to create higher added value of the Company.

B. To lead the system integration business with professional services

The competition in the information service industry is getting increasingly fierce, and the profit of traditional software and hardware sales is reduced as a result of the competitors entering the market to share the pie. In addition to hardware products, the Company will also enhance customers' dependence and trust by providing professional services such as complete solutions and good after-sale service. In this way, Stark Technology Inc. will gain a competitive advantage amidst the new cloud integration opportunities for customers, and provide professional services to lead the system integration business, in order to achieve both the hardware sales and the value-added service business domain.

C. Obtain strategic outsourcing opportunities by offering differentiated services

The information service industry has been developing in Taiwan for many years, and it also has its own special service orientation in the presence of the international information service manufacturers. The Company utilizes differentiation in the domestic information service and niche market feature to seize market opportunities arising from strategic outsourcing.

While the international manufacturers are actively exploring the domestic strategic outsourcing market, the Company’s existing long-term alliances and cooperative relations with the foreign manufacturers, plus the Company's project support capabilities, and its strong vertical industry knowledge and strengths different from other competitors, which increases the chances of the Company to obtain subcontracted services.

D. Develop outsourced custody service

Small companies in more and more industries are adopting outsourced services to achieve the use of the latest information technology services. One of the Company's medium- and long-term goals is to provide outsourcing services. We own the equipment, software, solutions, capital, talents, and customers, which give us quite a competitive advantage. The Company has made use of its professional and solid information security consulting and technical capabilities to provide customers with a wide range of information security outsourced custody services (such as: MDR, API Security, Security Score Card, etc.) on the basis of the MSSP framework.

E. Expansion of The Great Research Center to become the Total Solution Center

Most of the for-profit enterprises aim to operate and make sustainable profits. Non-profit enterprises also aim to provide a certain service. However, there are many enterprises specializing in the related technologies. The question is how to establish a complete IT environment and use it to assist enterprises to create the best business value and improve service efficiency which is lacking in concept. Here we present that through the complete Total Solution Center, utilizing the construction experiences of Stark Technology in storage system, network information security and other IT software and hardware tools, accommodating the understanding of the Know-How of different sectors and the enterprise's policies, and set up various system software and hardware according to different needs. Only in this way can we help enterprises create the effectiveness of their IT investment and avoid waste of investment. Investment in IT construction helps enterprises achieve sustainable operation and to achieve the goal of continuous profitability.

F. Develop integrated service opportunities for Stark Technology in the context of the Internet of Things

After the Internet has become an indispensable tool for daily life in information society, Forrester, a US-based consulting organization, has predicted that the Internet of Things (IoT) derived from the concepts of "smart earth" and "perceived life" includes smart grid, smart transportation, smart logistics, smart home, environmental security monitoring, industrial automation upgrading, smart medical care, smart agriculture, and mobile commerce. The scale of the industry in 2020 could exceed thirty times to that of the internet becoming the next emerging global industry reaching trillion dollars. Taiwan is one of the major suppliers of ICT related products in the world. The government will play the role of facilitator and lead the infrastructure construction of the Internet of Things, and provide the hardware and software manufacturers in Taiwan's ICT industry to engage in the production and development of key hardware products and software services. As the market expected, the rapid development of the Internet-of-Things (IoT), business models based on IoT have been proposed and tested for market acceptance. The Company utilizes its experiences accrued over the years in core IT technology and related software and hardware construction for different industries. It aggressively develops business opportunities relating to IoT application in professional fields.

G. Develop integrated service opportunities for Stark Technology in the context of the artificial intelligence.

Following AlphaGo's astonishing performance in defeating the highest human level Go players and in Atari or various video games, Deep Learning has become the latest technology and word for every household in just a few months. In recent years, the introduction of GenAI to the general public has promoted AI technology no longer limited to professional applications. Major technology companies have invested in GenAI and deep learning research and applied the research results to various products. As a result, deep learning has become an indispensable part of human life before we know it.

From a simple perspective, deep learning projects can be classified into computing platform construction and deep learning algorithms. The computing platform includes a GPU-based server that provides the deep learning computing framework (e.g., Google's kubernates) to execute various types of neural network. While the deep learning algorithms can be classified into three stages: Data integration and cleaning (responsible by data scientists in various professional fields), training and model building (responsible by AI engineers), inference model deployment.

With years of experience in IT core technology and software and hardware implementation in different industries, the Company has completed the construction of a deep learning computing platform, and already has extensive experience in construction in high-tech industries, academia, and research institutions; In terms of training and model construction services, the Company not only acts as an agent and provides AutoML, but also coordinates with academia and research institutes to provide customized modeling services to customers, and actively achieve good results under the huge business opportunity of AI in this century.

II. Market, production, and sales overview

(I) Market analysis

(1) Sales and providing regions for main products and services

Most of the Company's products and services are sold and provided in Taiwan, accounting for 97.15% of the total sales.

(2) Market share

The Company is the largest system integrator in Taiwan, providing the most complete information system integration services for customers. Currently, our company has more than 6,000 customers. Half of the top 1,000 domestic companies are customers of Stark Technology, and more than 600 TWSE/TPEX listed companies are our customers. The Company is ranked among the Top 500 Service Enterprises in Taiwan. Being the agent for products of the world's leading brands, with the most advanced information technology and professional services, the Company plans complete information system solutions for all walks of life. The main service items are the organization, planning, and construction of IT Infrastructure for enterprises with well-known information products in various fields that the Company acts as the agent, and the provision of related professional consulting services to help customers build the most favorable business development information platform. An information platform that enables them to utilize, integrate, and share all of the information resources of an organization, thereby bringing the entire information system into full play, and ultimately helping an enterprise maximize its operational effectiveness.

The Company has focused on major industries for more than 30 years. These industries have made up 80% of the overall industry. We continue to accumulate professional knowledge in these industries to improve the depth and breadth of customer service. This includes manufacturing, financial services, telecommunications, government agencies, educational and research institutions, and other industries and commerce, and medical institutions.

(3) Future market supply, demand, and growth

In the early days, Stark Technology entered the market with an open structure. In 1994, its business activities were mainly the distribution of Sun workstations and servers. The Company’s management team are experienced talents who have developed the sales market of the workstations for more than 30 years. With the technologies and experiences accumulated over the years, the Company has become an important distributor of workstations and servers such as IBM, HPE, and NVIDIA, and provides services such as software, network planning, and peripheral products. So far, it has accumulated more than 6,000 customers. Our work has been affirmed by major domestic manufacturers. The following is a description of the supply, demand, and growth of the six major product categories accounting for the Company's operating revenue:

A. Server and Workstation Market

In the early stage, workstations were not as robust as personal computers or servers in terms of media exposure, frequency of marketing activities, and even market appetite. However, for engineering computing, scientific computing and many other applications, workstations still plays an important role and is an indispensable tool for earning money for professional designers.

In recent years, workstations have been widely used in all walks of life. Various hardware suppliers have already switched from dedicated central processing unit (such as, IBM’s PowerPC) and dedicated Unix (such as: IBM's AIX) operating system to the x86 central processing unit and the shared Linux operating system, which is relatively easy for users to acquire and intensifies market competition.

EDA applications, which involve a large amount of analog computing requirements, have always been an indispensable tool for revenue generation in Taiwan's IC design. With the rapid evolution of science and technology, utility computing is sweeping by, and servers are also used as an important part of EDA applications.

The advantages of blade servers and rack servers consist of multiple benefits such as "space saving," "convenient for management," "easy to expand," and "suitable for special applications." In response to the different requirements of the information system applications and the decision on whether to use many virtual servers depending on the environmental differences in relation to the spaces of the engine room, and so on factors, customers may choose the appropriate server type according to the actual application of Internet-of-Things services. Meanwhile, in response to the diverse and practical application of AI deep learning, major server manufacturers have also been releasing AI deep learning super servers that are powered by GPUs, thereby giving professional customers more choices.

B. Storage equipment market

Judging from the current market, the storage architectures adopted by enterprises are in general divided into two categories: Traditional storage architectures and cloud storage. Due to the limited IT budget and application environment, most enterprises will consider traditional storage devices, whether it is full flash or hybrid storage array, and connect them to the internal IT system of the enterprise by DAS, NAS or SAN. When an enterprise system diversifies and needs to integrate with different platforms, the integration of servers and storage devices becomes very important. On the other hand, as enterprise storage systems become increasingly complex, more flexibility is required for the network architecture in terms of management, future equipment expansion, and even disaster response or the possibility of moving to the cloud in the future. It also urges enterprises to consider the use of SAN architectures in procurement.

In response to the Software defined datacenter (SDDC) storage market, virtualization vendor VMware introduced the Vertical SAN architecture in 2014. This has changed the current storage operation method. Virtual SAN not only simplifies storage configuration and management, but also creates more flexible operation from the basics to reduce the overall cost of ownership (TCO). Virtual SAN provides the reliability and stability of an enterprise storage system and can flexibly and effectively prevent data loss when a hardware failure occurs. Virtual SAN is very suitable for a variety of virtual environments, including virtual desktop basic infrastructure, test and development, and disaster recovery.

C. Network product market

Under the global influence of COVID-19, the increase in the demand for hybrid office and low-contact enterprises, and the strong demand in the Wi-Fi 6 5G environment, ABI Research forecasts that by 2025, there will be more than 15.5 billion Wi-Fi related devices in the world. Businesses will need to prepare for the growing amount of data being generated and captured by networked devices. Many of these IoT technologies will be applied to the internal enterprise or the public network. Therefore, it is absolutely necessary to invest in the network infrastructure to support these developments. Most of the added data is unstructured, and enterprises will soon need more flexible and dynamic control to manage the Internet of Things.

With the expansion of the deployment scale of wireless network, it has become an indispensable element in the current IT infrastructure, but it also brings about the trouble of integrated management and security policy configuration. Therefore, in recent years, network solution providers have begun to emphasize the integrated management solution for wired and wireless environments, thereby solving the problem of excessive management complexity.

To develop mobile applications in an enterprise's IT environment, the first priority is to simplify the unified management of wired and wireless network settings and security policy configuration. If wired, wireless, and information security are provided by different vendors, most of them have to rely on the Simple Network Management Protocol (SNMP) to achieve this. Therefore, in recent years, network solution providers have begun to emphasize the integrated management solution for wired and wireless environments and cloud management platform development. This solution solves the problem of excessive management complexity through multi-cloud integrated management and automated deployment. In the future, these platforms will also open up APIs to allow enterprises or OEMs to develop customized management programs, data presentations, and network equipment. This enables higher and in-depth visibility into data center services and improves operational efficiency.

D. Information security product market

With the development of the Internet and the popularity of broadband, the Internet has become an important platform for individuals, enterprises, and even countries to communicate with each other. However, at present, the Internet is full of threats, such as viruses, worms, spam emails, denial-of-service attacks, hacking, phishing, and spyware, information and network cyber security has become a global concern.

To ensure information security, many solutions have emerged on the market, ranging from personal anti-virus software, and corporate network security devices, to e-commerce transaction security mechanisms. Overall, the information security protection measures introduced in the industry can be roughly divided into passive ones, such as firewalls, VPNs, and intrusion detection devices, and active ones, such as data encryption, identification verification, access permission and so on control methods. Most importantly for information security, it is to meet the five security standards and goals: Authentication, Confidentiality, Integrity, Non-repudiation and Access Control. The constant introduction of new cryptography and algorithms on the market is designed to meet the application of these five security standards.

Public Key Infrastructure (PKI) provides a digital certificate mechanism to confirm the identity of the counterparty. In order to achieve the security goal of data integrity, the digital signature function is used to check whether the data is tampered with during the transmission through a set of paired public and private keys to perform data encryption and decryption. The digital signature function is used to solve the problem of non-repudiation, and the identity and attribute are verified through the issuance of digital certificates, which can be used as the basic basis for authorization. Therefore, PKI can be said to be the only solution that meets and achieves the five security principles mentioned above at the same time.

For a long time, although e-commerce collapsed due to the dot-com bubble in 2000, it is becoming more and more popular now due to the popularity of broadband and online shopping, and it is also because of this that the PKI with high security is much favored by the industries. On the prospect of the PKI development, it has gradually expanded from electronic correspondence to internet tax filing, secure mail/Website, VPN, and e-commerce expanding to the upstream and downstream supply chain. It is good to see the active development of PKI.

According to the survey, information security is the top priority for enterprises when adopting virtualization and cloud computing. Whether the enterprise builds its own private cloud or uses a public cloud service, the data storage method of the cloud-oriented enterprise is significantly different from the past. The concern is that after storing information from in-house computers to the cloud, it is equivalent to exposing confidential information to the Internet. How to safely enjoy the convenience of the cloud has become the most important issue for enterprises. Based on this, many well-known domestic and overseas information security vendors are already providing virtual and cloud-based information security products and services, ranging from virtual application firewalls, cloud-based anti-virus, and cloud-based webpage and mail security services, to cloud-based identity authentication, access control, and data protection. The construction requirements are adopted into virtualization and cloud construction, freeing enterprises from concerns about security.

While the information security solutions continue to evolve, the underground economic criminal groups that the black hat hackers belong to are also developing more advanced intrusion techniques and technologies. The anti-hacking devices at many gates are also incapable of blocking them out. Hence, it has driven many security protection for terminal devices, such as: Emerging technologies such as User Behavior Analysis (UBA), network behavior analysis and XDR, which have become new business opportunities for information security protection.

E. Computer software market

There are not many software product brands in Taiwan, and only a few of them can rely on the software products to secure a software market position. Trend Micro, CyberLink, and Digiwin are the very few cases that the outside world is familiar with. Many people with software development skills hold their own technical ability and have beautiful visions of starting a software company, but very few are able to stand firm in the market in the end. As the saying goes, "There is no barrier to entry, only growth." Possession of technology is not the key to a company's success. For growth, it is necessary to look externally and understand customers' needs and trends. Only in this way can technology be accepted by the market and create a source of profit.

If a customized software product is to be successful, the first priority is to understand and get close to the needs of the customer. The product concept will then be accepted by the customer. Secondly, provide local and diversified services. In Taiwan, small and medium enterprises are the main business. Each enterprise has its own unique operating know-how and industry characteristics. They are not receptive to software products that cannot be modified at all. We must also be able to customize products based on the specific needs of different customers and conduct secondary development. These adjustments are made at the tactical level.

The development environment for Taiwan's software industry is much more challenging than before, and the overall environment is not as good as before. India has secured a key position in the software industry, while China has its ambition and abundant human resources. They are both respectable competitors. Taiwan's software industry is facing strong internal and external competitive pressure. Taiwan must completely change the vertically integrated development model that covers it all. Enterprises should find a foothold in the industrial value chain based on their own advantages and position, develop toward specialization, and aim to be a global leader. The resources irrelevant to this goal shall be released to allow enterprises to focus on development, and the vertical division of labor and horizontal integration of the industry can also be gradually realized.

As far as Taiwan's software market is concerned, telecommunications, banking, government bidding, and high-tech manufacturing provide the greatest business opportunities every year. In these related fields, enterprises can target the fields relevant to their own competitive advantages and develop new niches in the market. One can certainly find the space to show and flourish.

As the ERP market among medium and large enterprises tends to be saturated, SMEs have recently become the focus of competition among manufacturers. However, the SMEs are distributed widely which makes it difficult to keep focus in the market. Even though it is tedious in its management but it is still worth the go.

F. Consulting and maintenance service

Owing to the global e-commerce trend, system integration has become one of the most popular tools for enterprises to upgrade their overall competitiveness, and the system integration service has become a hot business. The current system integration services generally include enterprise resource management, digitalization of administrative procedures, system hosting, application programs, network architecture, backup mechanisms, and information security integration planning and creation services. Consulting service is also a hot item in the outsourcing service market. With the mandatory requirements of government laws and regulations, the trend of the introduction of Basel+II, the problem to the time sequence of the old large type mainframe in 2011, and the impact of the new labor pension system on operating costs and so on factors, the growing demand for outsourcing of safety services not only arise from government institutions and the financial industry, but also general enterprises who began to realize the potential benefits of outsourcing.

Security management service is a hot topic in the IT outsourcing of enterprises. It used to be a part of the outsourcing of information technology system. As the information security problems worsened over time, and the global security awareness surged, these have driven this service to become one of the most popular IT outsourcing projects separately.

At present, there are different types of security management services in the market with different definitions, and they can be roughly divided into security protection equipment, anti-virus, mail, storage, and remote backup security services. Among the security management outsourcing services in the current market, all of them offer many different services for customers to choose from. With the most basic being the monitoring or hosting of security protection equipment. Common equipment includes firewalls, intrusion detection/intrusion prevention, or anti-virus.

E-mail security escrow service is one of the most popular outsourced security services. It not only provides email security, but also includes the escrow service of the entire email system and security. Therefore, enterprises do not need to purchase solutions and manage them. They just need to monitor the service provider on achieving the goal.

With the refinement of digital criminal methods, general information security protection equipment still has some risks and vulnerabilities. In other words, highly automated information security equipment still has information security vulnerabilities that are continuously discovered by hackers. At such time, regular penetration testing exercises must be used by "white hat hackers" who are also capable of hacking to help fill these vulnerabilities and reduce risks.

(4) Favorable and unfavorable factors of competitive niche and development prospect and countermeasures

A. Favorable factors

a. Complete product line

The Company is the agent of more than 40 information products from world-renowned manufacturers such as IBM, Lenovo, Palo Alto, HPE, Aruba, NVIDIA, HDS, Check Point, CISCO, Veritas, NetApp, VMware, Citrix, F5, FORINET , CrowdStrike, Cellopoint, TeamT5, UGuard, and so on to provide a complete product line to meet the needs of customers, so that customers can purchase all at once.

b. Deploy a complete customer service network

For the Company to provide complete customer services, demonstrate the functions of the products distributed and the benefits of application, and let customers understand the Company's system integration and professional value-added service capabilities, we allow customers to obtain evidence before signing a project. We also let customers obtain nearby and immediate service and problem solving, a thorough understanding of product functions and actual benefits, in order to plan the best solution. Thus, a complete customer service network has been established in Taipei, Taoyuan, Hsinchu, Chiayi, Tainan, Kaohsiung, Hualien and all the way in West Coast of USA, China and Vietnam. Through actual verification, the Company's customers can obtain a reliable proposal framework, problem-solving ability, and feasibility prototype verification, and further ensure the project construction time schedule, quality and funding. This is to achieve the goal of strengthening the cooperative relationship and promoting the complete success of the project.

c. Experienced management team with emphasis on R&D technology

The Company currently has about 65 software development technicians who have completed dozens of large-scale software construction projects for major corporate customers, and are committed to the development of a variety of software products that have won the trust and likes of customers. The R&D of software systems and professional services include:

1. Stark Technology ERP, including trading ERP, manufacturing ERP, chemical materials ERP, automobile ERP, incorporated ERP, and international trading ERP.
2. Stark Technology portal website, including the supplier's portal, employee's portal, customer's portal, B2B portal and corporate information integration portal.
3. Stark Technology knowledge management system (K-Pro).
4. Software development projects, including RISE, MOM, PLM and BPM, and so on.
5. Stark Technology's telecom application software, including CEM, AppStore, and CDR.
6. Suitable for anti-money laundering (AML) and high-frequency trading systems in financial service industries.
7. Information security professional services, including network vulnerability audit service, penetration testing service, information security record analysis service, security management center establishment service, information security product customization service, and information security consulting service.

d. Employees with strong coherence and good qualities

The Company currently has more than 620 employees, including various talents in software R&D, sales and marketing, engineering maintenance, and administrative management, among which more than 96.77% have received college or graduate school education. They are a group of young, energetic and creative employees. The professional personnel have professional licenses from well-known foreign manufacturers, including Cisco's CCIE, CCNP, DCNSS, CSE6.0; NetApp's NCSE series, NAHSE, NCSIE, and NCTA; HPE Aruba's ACMA, ACMP, ACCP, ACSP, ASE, MASE; Fortinet's NSE4, NSE7; Citrix's CCA, CCP, CCE; Palo Alto's ACE, PSE, CNSE; Nutanix's NCSR, NCSE, CCIC, NCPI; F5’s 101 Certification; VMware’s VCP Certification; Microsoft's MCP, MCDBA, MCSA, Microsoft Azure Administrator; Ruckus' CWNA, CloudPath Technical Certification; and IBM's Power Systems and Software.

e. Stable profitability and sound financial structure

The Company is selling products with high gross profit and high contribution. The Company has stable profits and a sound financial structure. Please refer to pages 203 to 214 for financial overview.

B. Unfavorable factors and countermeasures

a. Businesses reduce IT spending

In an attempt to improve competitiveness, enterprises may reduce their IT support, including hardware, software, and services.

Countermeasures:

The Company will strive to expand the target customer group and increase business in the service industry, medical care, military and other customers.

In addition, we will actively invest in and develop opportunities in SMAC-I, IoT, AI, Fintech, Regtech, blockchain, and AML platforms according to market trends.

b. Intense market competition

The competition in the system integration business is extremely fierce, and it is difficult for some business opportunities to maintain the expected gross profit margin.

Countermeasures:

The Company will commit to the R&D of new software, enter the niche market, and make use of the actual industrial experience to enter the professional field.

c. Longer duration of R&D results

It is the right move for system integrators to focus on software R&D. However, it takes 1 to 3 years to establish a large-scale project that is worth tens of millions of NTD, making it difficult for system integrators to develop the software and see the results in a short time.

Countermeasures:

Although it takes a long time to demonstrate R&D results, the R&D capability represents the bargaining chips and niches of the Company's future competition. Thus, we shall constantly invest in the R&D plans and at the same time while R&D on large-scale project, extend the technologies and skills of other small and medium projects.

C. Development prospects

For traditional products, the gross profit of the products has shrunk due to the result of price cutting by competitors. The Company developed strategic products in view of this, and invested in information security equipment, information security software, network services, network integration applications and big data, AI deep learning/machine learning and other high value-added markets, and elaborate their future development prospects as follows:

a. Information security equipment market

In recent years, with the rise of the mobile devices applications which has expanded the deployment scale of the wireless network, it has become an indispensable element in the current IT infrastructure. But it also brings about the trouble of integrated management and security policy configuration. Therefore, in recent years, network solution providers have begun to emphasize the integrated management solution for wired and wireless environments, thereby solving the problem of excessive management complexity. The wired and wireless solutions need to include various management and function interfaces, including network control, network management, policy management, cloud network, geographic location analysis, and micro positioning service. On assisting enterprises in creating the IT basic architecture, and even in the cross-environmental management and deployment of the headquarters and each branch, it has even become an indispensable part.

Furthermore, with the rapid development of the mobile trend, the development of the digital workplace by enterprises is not only to meet the demand for device networking, but also to make the network become smart. It can use automated adjustment to reflect the needs of enterprises and further satisfy the demand for a large number of IoT device applications. In addition, the new generation of mobile network security detection mechanisms must be equipped with smarter security detection and data analysis capabilities. Analyzing the data packets, data flows, logs and other data transmitted by the user device through the network to help companies understand who is connecting to the internet, which device is used to connect, whether the device is secure, what types of applications are being used on the Internet, and the location of suspicious internet users for automated isolation. Even before a network attacks an enterprise, isolate user devices from the internet one step earlier to reduce the risk of hacking. The above are all key projects for the future development of the information security equipment markets.

b. Information security software market

Enterprise users' concern about information security issues has extended from external defense to internal control. After having gained the outcomes step by step from the tremendous spending on building firewalls, intrusion detection, anti-virus system and so on mechanisms in the past, today, there has been a shift in the focus to internal identity recognition and access management and endpoint protection.

Information security solutions have entered the scene of contention. In addition to accelerating the transmission speed of enterprise WAN applications, solutions for accelerating SSL traffic are also a hot topic in the market. Due to cost and security concerns, companies often do not host servers in remote branch offices. However, the problems that arise are increased application traffic and occupied bandwidth, resulting in poor application performance. In addition, the increasing demand for enterprises to transmit SLL and video conferencing, and the need for application acceleration equipment have also created business opportunities in the information security software market.

In response to the implementation of the Personal Information Protection Act, various industries have a high demand for solutions such as information equipment access recording, database auditing, webpage security, insider online behavior control, penetration testing, and vulnerability scanning. While the information security solutions continue to evolve, the underground economic criminal groups that the black hat hackers belong to are also developing more advanced intrusion techniques and technologies. The anti-hacking devices at many gates are also incapable of blocking them out. Hence, it has driven many security protection for terminal devices, such as: Emerging technologies such as User Behavior Analysis (UBA), network behavior analysis and XDR, which have become new business opportunities for information security protection.

c. Online service market

Although e-mail is still one of the main channels of network security threats, with the prevalence of various web applications such as browsers, Web Mail, IM, P2P sharing software, and RSS readers, the hackers, spammers, and virus writers, are shifting their targets to web applications. Therefore, web attacks have become the fastest growing threat on the Internet. Enterprises need to take proper measures to deal with them.

For corporate users, web server and various web applications and services have inevitably become one of the main channels for external contact. Therefore, web security protection has become the primary goal of corporate operations. Regular vulnerability security updates for web server system and web applications are without a doubt a top priority. In addition to updating vulnerabilities, the internal network administrator of an enterprise not only needs to ensure that the website will not crash or suffer performance problems, but also needs to enhance security design and protection capabilities. Furthermore, it is best that enterprises can protect the security of the website by building a high level security facility for firewall or intrusion prevention and so on, and prevent improper access by hackers or suspicious actions outside the connection system. The internet service market will remain a hot topic in the future, bringing ample opportunities.

d. Internet integration application market

Telephone bills are a necessary expense for enterprises every month. Due to the cost-saving advantages of internet phone (VoIP), many business owners are willing to invest in it. This has enabled the booming development of the enterprise internet phone market. According to the report put forward by Gartner Group, 80% of enterprises worldwide will introduce internet phones in the next 5 years.

In the next 5 years, the internet telephone will become a must-have communication application for enterprises. Due to the continuous innovation of related technologies and product diversification, the trend of VoIP construction has shifted from large enterprises to small and medium enterprises. In the future, the demand in Europe and Asia will be higher. According to the forecast of IDC, by 2008, the output value of Taiwan's VoIP market has reached US$360 million. The booming VoIP market in Taiwan is largely due to the SME e-service launched by the Ministry of Economic Affairs, which has listed VoIP as one of the basic e-services. In fact, it is the most important opportunity to shift the application of VoIP from large enterprises to medium and small enterprises integrating through the internet to enhance the enterprise communications capacity.

e. Cloud service

In the future, there will be more and more applications that do not need to put the computer server inside the company but externally, the so-called cloud. This will bring us new business opportunities, whether in hardware, system platform, application software or related services which will be transformed by the cloud. For example, because the ERP system originally used in the company has been converted to the cloud and is shared by 100 or more companies, the software needs to be modified to a certain extent, which is a business opportunity for the Company.

In terms of Apps replacing many human-oriented applications, using handheld mobile devices and SmartTV devices as the operating platform, it can be expected that more diversified cloud services will accompany the in-depth development of the information industry in different industries, linking industrial and academic R&D units and developed another commercial supply chain centered on software (cloud) services.

f. Big data

With the explosive growth of smart mobile devices, the explosive growth of various mobile APPs, including data processing, multimedia applications, and APPs related to food, clothing, housing, transportation, education, and entertainment can also be expected. The combination of personal devices, smart mobile devices, and mobile APPs can be expected to generate big data. Meanwhile, with the continuous development of IoT, it is also foreseeable that big data will be generated through M2M and wearable applications. How to use ICT to store such big data and generate new business opportunities with high-speed analysis platforms, analysis tools, AI deep learning, and creative analysis models will be the field that all walks of life are exploring. The Company will introduce and develop related solutions based on this, and strive for business opportunities.

g. IoT

As the market expected, the rapid development of the Internet-of-Things (IoT), business models based on IoT have been proposed and tested for market acceptance. The Company utilizes its experiences accrued over the years in core IT technology and related software and hardware construction for different industries. It aggressively develops business opportunities relating to IoT application in professional fields.

h. Industry 4.0

The smart manufacturing emphasized by Industry 4.0 enables the manufacturing industry to flexibly allocate a small number of diverse customer orders in the production line. The Industry 4.0 integration capabilities of the Company already possessed: PLM (R&D and design), MES/CIM (Manufacturing Automation), and ERP have enabled the Company to become more competitive in helping the manufacturing industry to introduce Industry 4.0 business opportunities.

i. GenAI, deep learning/machine learning

In the past, due to the performance of data and computing resources, it was impossible to effectively complete extremely complex deep learning or machine learning operations. However, with the development of semiconductors and chips, the GPU with powerful computing resources has replaced the CPU, which makes GenAI deep learning/machine learning no longer just an abstract theory in the laboratory, but a practical application that can be used and introduced into various industries to help improve and strengthen various fields.

(II) Important uses and production processes of major products

1. Important uses of major products

Product line	Main products	Main purpose and function
Mainframe server	Departmental mainframe server Corporate level mainframe server Hyper-converged enterprise server AI artificial intelligence server	Factory automation machine controller computer AI automated machine artificial intelligence computer Internet host Departmental computing, file, and database mainframe server Corporate level computing, file, and database mainframe server
Storage device	Disk drive, Disk Array System, Storage Area Network (SAN), Network Attached Storage (NAS), Tape Drive, Tape Cabinet	Integrated storage systems of various platforms Improving the efficiency of enterprise internal file access Overall solution for corporate data backup Overall solutions for corporate off-site backup, disaster recovery, and sustainable operations
Personal computer	Desktop PC Notebook PC Thin PC	Provide computer equipment and office automation (OA) environment for the processing of personal information, connection to the Internet, information browsing, and personal computers used in the local area network The new office trend that the terminal screen is provided by thin computer, centralized control by the mainframe, and sharing mainframe resources between personal terminals
Computer peripheral products	Printer Surveillance cameras Uninterruptible Power System	Peripheral products required by computer users for expansion or renewal of peripheral equipment
Network products	Router Switch Application Delivery Controller Network management software Wireless local area network equipment Virtual desktop infrastructure	Computer network design and planning Computer network connection equipment Computer network management
Information security products	Next-generation firewalls Network access authentication system Web Application Firewall Endpoint detection and response system Safety Information and Event Management Email security and life cycle management system Wireless network security products	Enterprise IT/OT environment architecture and content security integration planning, defense protection.
Computer software	Operating system software System and network security software Office automation software package Internet software E-commerce software Production line automation software	Provision of software required for computer hardware equipment Provide software required for various application fields Provide software required for the construction of portal EAI and B2B. Provide production line automation related software,

	Wireless Solution Software Database management software Mechanical design automation software Data backup software File and volume management software Clustering and replicating software	including MES, machine maintenance, machine connection, and so on. Provide software for PDA and mobile phone connection
Consulting and maintenance service	Consulting service Maintenance service	Provide different levels of service according to customer needs Provision of after-sales maintenance services for related products
Engineering	Optical fiber network engineering Engineering of telecommunication equipment room in the building	Plan and build fiber optic network based on customers' needs Plan and construct the telecommunication equipment room of the building

2. Manufacturing process: The Company does not have production manufacturing process, and is mainly engaged in the sales and development of information products and providing added value products to customers and distributors.

(III) Supply of major commodities:

The Company specializes in computer-related products and information services. Its purchase mainly includes work stations and servers, storage devices, personal computers, computer peripheral products, network products, and computer software. Please refer to page 192-193 for the major purchase suppliers whom we are in a stable relationship.

(IV) Names of customers with purchases (sales) exceeding 10% of the total purchases in any one of the most recent 2 years, and the amounts and percentages of purchases/sales:

1. Information on suppliers whose purchases exceeded 10% of the Company's total purchases in any one of the most recent 2 years

Unit: NTD thousand

	2022				2023				2024 through Q1			
Item	Name	Amount	Procurement of the whole year (%)	Relationship with the issuer	Name	Amount	Procurement of the whole year (%)	Relationship with the issuer	Name	Amount	Percentage of purchases made for the current year until the previous quarter (%)	Relationship with the issuer
	Zero One Technology Co., Ltd.	992,851	18.22%	Non-related party	Zero One Technolog Co., Ltd.	582,021	11.33%	Non-related party	Zero One TechnologCo., Ltd	325,080	20.45%	Non-related party
	Metaage Corporation	590,331	10.84%	Non-related party					Pershing Data Corporation	202,398	12.73%	Non-related party
	Others	3,864,901	70.94%		Others	4,556,866	88.67%		Others	1,061,901	66,82%	
	Procurement amount	5,448,083	100.00%		Procurement amount	5,138,887	100.00%		Procurement amount	1,589,379	100.00%	

2. Information on customers whose product sales exceeded 10% of the Company's total sales in any one of the most recent 2 years

Unit: NTD thousand

	2022				2023				2024 through Q1			
Item	Name	Amount	Percentage to annual sales (%)	Relationship with the issuer	Name	Amount	Percentage to annual sales (%)	Relationship with the issuer	Name	Amount	Percentage of sales made for the current year until the previous quarter (%)	Relationship with the issuer
	Company A	704,680	10.47%	Non-related party	Company A	800,276	11.01%	Non-related party	None			
	Others	6,024,315	89.53%		Others	6,470,586	88.99%		Others	1,753,473	100.00%	
	Sales amount	6,728,995	100.00%		Sales amount	7,270,862	100.00%		Sales amount	1,753,473	100.00%	

3. Reason for increase/decrease

A. Explanation of changes in purchases: It is mainly due to market changes and procurement considerations. The situation of purchases from suppliers has slightly changed. In 2023, the purchase value of Zero One Technology Co., Ltd. exceeds 10%.

B. Explanation for the changes in sales: To meet the needs of different customers, the Company sells a wide variety of products, and the sales targets also include general enterprises, incorporated foundations, government agencies, schools, and medical institutions, and branch out into an extremely wide range of industries. The Company's sales value in 2023 to a single customer - Company A has reached more than 10%.

(V) Production volume and value in the most recent 2 years

This table is not applicable as the Company is in the information service business.

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

The Company is in the information service business and primarily engages in the planning, integration, sale of computer systems and peripheral and obtains related maintenance services. There is no consistent statistical unit for quantity due to the wide range of products that the Company distributes and they are of inconsistent volume units. These products are categorized based on their nature. Therefore, the statistics on the sales value of these products are based on the categories and are as follows:

Unit: NTD thousand

Year	2022		2023	
Sales value / Major commodities	Domestic sales	Export sales	Domestic sales	Export sales
Workstations and server host	799,255	23,858	743,373	11,808
Personal computer	69,239	712	56,857	643
Computer peripheral products	352,994	1,169	479,491	778
Network products	1,322,764	41,785	1,467,851	42,832
Computer software	993,975	26,075	951,356	49,425
Consulting and maintenance service	2,041,364	114,209	2,331,121	96,618
Others	7,675	308	7,415	123
Storage device	922,866	10,747	1,026,147	5,024
Total	6,510,132	218,863	7,063,611	207,251

(VII) Key Performance Indicators for the System Integration Industry

(1) Customer Satisfaction Index

The percentage of existing customers that continue to trade with the Company is also the customer's loyalty and satisfaction. The Company is in the information service industry, and customer satisfaction is the key to business continuity.

Item	The Company's actual business performance
Customer continuation rate is the customer retention rate.	93%

(2) Integration capability indicator

The ability of the Company to integrate services into the system, the high gross profit of the integrated service, and the higher the indicator ratio, the greater the contribution is to the gross profit of the Company.

Item	The Company's actual business performance
Ratio of integrated services	36%

III. Distribution of employees' number, average years of service, average age, and educational background in the most recent 2 years and up to the publication date of this annual report:

Year		2022	2023	As of March 31, 2024
Number of employees	Sales staff	163	178	175
	Technician	358	367	368
	Administrative staff	101	106	106
	R&D personnel	65	67	65
	Total	687	718	714
Average age		47.68	49.13	49.39
Average years of service		12.99	14.25	14.21
Education background ratio	Doctoral degree	0.44	0.42	0.42
	Master's degree	19.65	19.64	19.47
	Colleges and universities	77.87	77.44	77.59
	Senior high school	2.04	2.51	2.52

Note: The number of employees refers to the total number of personnel for Stark Technology Group, including Stark Technology Information, Stark Technology Inc. (Ningbo), Shanghai Stark, and Stark Technology Inc.(USA)。

IV. Information on environmental protection expenditures

In the two previous years and as of the annual report publication date, the losses incurred, including compensation, and the total amount of fines due to environmental pollution by the company shall be disclosed along with the future countermeasures, which include the improvement measures, and the possible expenditures. The possible expenditures shall cover the estimated amounts of the possible losses incurring from countermeasures not taken, punishments, and compensation: None, the Company tests, installs, and sells computer products that will not produce pollution or damage the ecological environment. Therefore, there is no pollution prevention issue.

V. Labor relations

(I) The Company's various employee welfare measures, continuing education, training, retirement systems and their implementation, as well as the labor-management agreements and various employee rights protection measures:

(1) Employee welfare measures

[Salary and benefits]

- Appropriation of employee pension
- Fixed salary (including meals) for 12 months
- The three festivals bonus released based on the business performance, 0.5 month each for Mid-Autumn Festival and Dragon Boat Festival
- Distribution of year-end (Lunar New Year) bonuses and performance bonuses based on individual performance
- Long-term service bonus
- Employee remuneration
- New Year's gift certificate
- Labor Insurance, National Health Insurance, Group Insurance, and Occupational Accident Insurance

[Welfare and subsidies]

- Subsidies for weddings, funerals and childbirth allowance
- Subsidies for training and certification exams
- Subsidies for various sports and leisure club activities
- Domestic and foreign group tours and subsidy

[Other benefits]

- Outstanding employees and long-tenured employees and rewards
- Year-end event, Family Day and Sports Day
- Regular free health checkups
- Functional training and professional skills training for new and existing employees
- Employee saloon, with a reading room for borrowing books, newspapers, and magazines, and the all-you-can-eat coffee and tea collections
- Several authorized stores nationwide

(2) Continuing education and training of employees:

a. The Company establishes the "Education and Training Regulations" to provide education and training subsidies on a yearly basis, to organize internal or external training courses, and to plan relevant training courses according to the needs of functions and professional skills to strengthen employees' knowledge, skills, and overall quality. We have spent NT$2,767 thousand on related education and training in 2023; the total number of employees for internal and external education and training is about 1,118 persons, and the total training hours is 6,022 hours. The Company's employees obtained 94 professional certifications in 2023.

b. On the Company's financial information transparency, those who have obtained the relevant license specified by the competent authority: Two personnel from the Finance Center who have passed the subject test for stock administration affairs, and two licensees for the general exam bookkeepers license. The Audit Department was awarded two ISO 27001 lead auditor licenses and one CPA bookkeeper license.

c. The Company's personnel relating to sound manpower systems who have obtained the relevant license indicated by the competent authority: One employment service Class B license.

(3) Retirement system:

The Company has implemented the Labor Standards Act since March 1998 and stipulated retirement regulations for full-time employees at the same time. The payment of employee pension is based on the years of service and the average salary at the time of retirement. The Company appropriates 2% of the total salary as the pension fund. The pension reserve is managed by the Labor Pension Reserve Supervisory Committee and deposited in the Bank of Taiwan in the name of the committee. Currently, the reserve amount is about NT$86 million, which is sufficient to meet the retirement needs of related employees.

The Company adopts the defined contribution system under the Labor Pension Act which came into effect on July 1, 2005. Upon implementation, employees can choose whether to apply the pension regulations of the “Labor Standards Act” or apply the Labor Pension Act to the pension system and retain their applicable years of service that fall before the adoption of the Labor Pension Act. According to the regulations, the employee pension fund contribution rate shall not be less than 6% of employees' monthly salary, and the Company's monthly pension contribution rate is 6% of employees' monthly salary.

(4) Status of labor agreements:

The Company has harmonious labor-management relations, a company that engages in the technology and information industry, and with highly qualified personnel. The Company's philosophy is clear and the operation and management systems are sound and can be implemented. The Company values employees' opinions and, in addition to its normal organizational system, holds regular labor-management meetings as a means of communication to enhance two-way communication. It is hoped that through the efforts of the Company, both parties of the labor and management can reach a common understanding so that the interests of employees and the Company can be aligned.

(5) Employee behaviors or ethical principles

The Company has established the Employee Work Rules and the employee code of conduct, which serve as the basis for employees to comply with in their daily work and behaviors.

The Company establishes the code of conduct for the purpose of seeking a high standard of ethical conduct for the Company's directors, supervisors, managers at all levels, and employees to abide by, to prevent the occurrence of inappropriate behaviors, and to ensure that their behaviors meet the following standards:

a. Prevention of conflicts of interest.
b. Avoid opportunities for personal gain.
c. Protection of business secrets.
d. Treat customers, vendors, suppliers and competitors in a fair manner.
e. Protect and properly use Company assets.
f. Comply with laws and regulations, and charters.

For the content of the Code of Ethical Conduct, please refer to the Corporate Governance section/ Principles of Corporate Governance/ Code of Ethical Conduct on the website of the Company at www.sti.com.tw.

(6) Protection measures for the work environment and employees' personal safety:

A. Protective measures for work safety:

Serial No.	Goal/Target	Plan	Explanation of current status	Status of implementation
1	Prevent objects from storing charge into a charged body and prevent objects near the charged body from generating electrostatic induction.	Improvement and reduction of electrostatic effect	Currently, the work desks are made of wood and stainless steel. As they cannot conduct the static electricity to the earth or the conduction speed is too fast to damage the electronic components of the equipment, an anti-static desk mat must be installed with the surface resistance value between 10(6) ~10(8) Ω (upper layer) and bottom layer shall be 10(4) ~10(6) Ω and shall be earthed separately.	1. Add the electrostatic grounding wire 2. Anti-static table mats are installed 3. Personnel should wear anti-static wristbands
2	Fire safety equipment is installed in accordance with the Fire Protection Act	Preventive measures against fire	Each floor above the second floor has been provided with slow descending equipment for every 100 people and below, and one machine for every 100 people. Each level is clearly labelled with the fire escape exits and the extinguisher installations. For the 10th level and above, the automated water spray head shall be installed.	Annual fire safety inspection
3	Waste sorting and recycling	General, Styrofoam, Pallet	Waste is properly sorted. Styrofoam and large pallets are recycled by environmental protection companies.	Environmental protection company is approved by the Environmental Protection Bureau
4	Insurance for the working environment	Fire insurance, commercial insurance, public accident liability insurance	The leased and self-owned workplaces of Stark Technology.	Apply for insurance annually
5	Handling equipment for warehousing and logistics	Hazardous factor reduction to prevent accidents	Regular maintenance of the stacker, and the use of the stacker can only be driven by someone with a professional driver's license.	1. Regular maintenance and testing of equipment 2. Obtain professional driver's license

B. Protection measures for the employees' personal safety:

(a) For the safety of all employees, the Company has purchased the term life insurance and accident insurance to protect employees from illness or occupational disasters.

(b) The Company provides employee health checkups on a yearly basis to protect and care for the health of employees.

(c) Professional healthcare personnel is also contracted by the Company realizing labor health protection and health management to achieve a healthy and friendly workplace environment.

(7) Fulfillment of social responsibilities: Please refer to pages 94~130.

(II) Losses due to labor disputes in the most recent year and up to the publication date of the annual report: N/A.

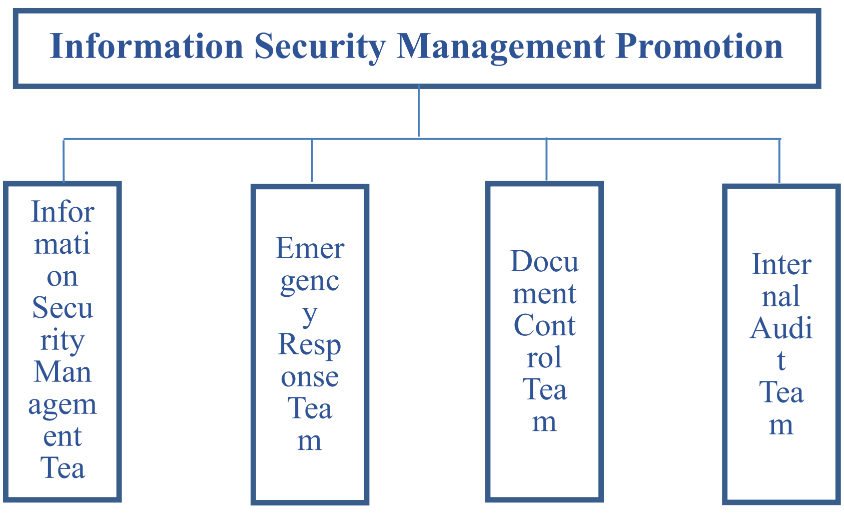
VI. Cyber security management

(I) State the cyber security risk management structure, cyber security policy, specific management plan and resources for investments in cyber security management. etc.

1. Cyber security risk management structure:

In order to ensure the promotion of internal information security management matters, the Company is responsible for reviewing information security policies, assigning security responsibilities, and coordinating the implementation of the Company's various information security measures. The “Information Security Management Promotion Team” has been established under the “Corporate Social Responsibility Committee”. As the responsible unit, the Vice President, Hsin-Chih Huang, serves as the Chief Information Officer. Based on the various internal security considerations and needs of the Company, he coordinates the formation of the various units within the Company (information security professional service department, IT management personnel, administration, legal affairs, auditing, etc.). Working teams, including (1) information security management team, (2) emergency response team, (3) document control team, and (4) internal audit team. Responsible for formulating and promoting the Company's internal information security management specifications, information security risk management, regular information security education and training, information security incident emergency response and recovery, control of the Company's information security management system and documentation and regular implementation of internal information security audit and follow up for improvement.

The "Information Security Management Promotion Team" convenes information security management meetings regularly (a meeting was held on June 7, 2023) to discuss various information security issues of the Company, review information security policies, and track audit improvements execution result. The Chief Information Officer reports the status quo and future plans of the Company's information security management to the "Corporate Social Responsibility Management Committee" on a regular basis to ensure the applicability, suitability and effectiveness of the ongoing operation of the information security management system. In June 2023, the Chief Information Officer was granted renewal of ISO27001. The CSR Management Committee has reported the implementation status to the Board of Directors on October 27, 2023.



2. Cyber security management policy:

To maintain the overall information security of the Company and protect information assets, the security management of each information asset is strengthened to ensure the confidentiality, integrity and availability of the information assets to meet the needs of various business operations and in compliance with relevant laws and regulations. It is also to protect it from internal and external threats, either intentional or accidental, and an "Information Security Management Policy" has been established that covers the Company's various internal information assets and their users. The information users include full-time employees, hired personnel, outsourced suppliers and other authorized personnel. The specific objectives of the information security management policy are:

(a) Maintain the confidentiality, integrity and availability of the Company's information assets and protect the data privacy of users.
(b) Protect the Company's business activity information from unauthorized access and modification to ensure its accuracy and completeness.
(c) There must be complete reporting and contingency measures for information security incidents to ensure the continuous operation of information systems and services.
(d) Relevant personnel shall receive information security training and advocacy as required to enhance information security awareness.
(e) Implementing an information security risk assessment mechanism to enhance the effectiveness and timeliness of information security management.
(f) It conducts information security audits regularly to review access rights and the implementation of information security management systems.
(g) Compliance with applicable laws and regulations and achievement of the goal of business continuity.

In addition to establishing the "Information Security Management Policy," the Company has also introduced and established a complete information security management system. Establish and implement various information security management measures, including: (1) Information Asset Management (2) Risk Assessment Management (3) Human Resources Management (4) Physical Security Management (5) Access Control Management (6) Communications and Operations Management (7) System Development and Maintenance (8) Supplier Management (9) Information Security Incident Management (10) Business Continuity Management (11) Information Security Auditing and Corrective Actions.

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. The Company also passed the SGS certification in June 2020 and obtained the ISO27001 certification, and is expected to obtain the ISO27701 privacy information management certification in 2024.

3. Specific management regulations:

In order to achieve the Company's information security policies and goals, the specific management plans are as follows:

(a) Construction of comprehensive security protection: based on the expert advice of the Company's Information Security Service Department and experience in the sale of various information security protection systems, multi-layer information security protection equipment is deployed.
(b) Regular risk and security testing: the Company's information security consultant conducts vulnerability scanning and penetration testing on the Company's internal components on a regular basis to examine potential security risks. Personnel in charge of each system execute vulnerability repairs and system security adjustment based on the testing results to improve overall security.
(c) Introduction of international information security certification: the Company has

introduced and passed the ISO 27001 certification as the standard and basis for the Company's overall information security management method.

(d) Information security education and training: the Company regularly conducts information security education and training to all employees to raise employees' information security awareness. In addition, employees are encouraged to participate in specific information security courses and acquire information security licenses (such as CISSP, CEH, ISO27001 LA, etc.). Many employees have already obtained licenses.

(e) Regular internal information security audits: the Company's employees in charge of audit conduct regular internal information security audits to identify deficiencies and rectify them.

(f) Information security incident reporting: the Company has established a comprehensive information security incident reporting system. In addition, there are many professional information security consultants who can immediately deal with the incident, analyze the incident and perform risk control and implement subsequent improvements to improve the overall security.

4. Resources invested in cyber security management

(a) Information security: in order to ensure the promotion of the Company's information security management matters, an "Information Security Management Promotion Team" was established to coordinate the Company's internal resources for the promotion of information security policies and management measures, and information security management meetings were held regularly.

(b) Information security certification: The Company entrusted a third-party institution (NII) to provide guidance and obtained ISO27001 certification in 2020 after on-site audit by SGS. It was re-verified and certified in June 2023.

(c) Information security protection: based on our sales experience and the suggestions of the Company's information security consultants, the Company has deployed multi-layer information security protection equipment, including NG Firewall, Web Application Firewall, email security protection system Email Protection, Network Access Control (NAC), Endpoint Detection and Response and Security Information and Event Management System (SIEM). VDI was set-up to response to employees working from home (WFH) by which the Company's system applications can be accessed after two-stage authentication.

(d) Information security professional manpower: apart from selling information security solutions from major global information security vendors, we also have information security consultants responsible for providing various information security services. There are currently 20 consultants with many information security professional and individual licenses, including CISSP, CSSLP, CISM, CEH, CHFI, ISO27001 LA. The company also encourages employees to participate in various information security seminars and information security courses to improve information security capabilities and obtain professional licenses.

(e) Information security technology exchange: as the Company sells information security solutions from major information security manufacturers in the world, the Company can access the latest information security technology information, including the latest security weaknesses, attack methods, and information security information. Enhancing the information security expertise of employees through technology exchange.

(f) Information security education and training: the Company conducts "Internal Cyber Security Education and Training" on a regular basis every year.

(II) Losses due to major cyber security incidents, possible impacts, and countermeasures in the most recent year and up til the publication date of the annual report: None....

VII. Material contracts: None.

Six. Financial Overview

I. Condensed Balance Sheet and Statement of Comprehensive Income for the most recent 5 years
(I-1) Consolidated Condensed Balance Sheet

Unit: NTD thousand

Item \ Year		Financial information for the most recent five years (Note 1)					Financial information for the current fiscal year as of March 31, 2024 (Note 3)
		2019	2020	2021	2022	2023	
Current assets		4,254,332	4,914,973	4,987,859	5,739,971	5,815,346	5,778,520
Property, plant and equipment		452,727	453,651	446,238	440,151	495,515	498,580
Intangible asset		5,530	6,711	7,998	2,911	1,428	2,791
Other assets		401,131	367,712	344,774	325,265	356,160	366,775
Total assets		5,113,720	5,743,047	5,786,869	6,508,298	6,668,449	6,646,666
Current liabilities	Before distribution	2,211,857	2,807,884	2,665,481	3,274,528	3,315,201	(註 2)
	After distribution	2,685,160	3,265,233	3,263,226	3,940,343	4,021,433	3,775,851
Non-current liabilities		104,135	106,151	101,515	108,443	83,297	80,512
Total liabilities	Before distribution	2,315,992	2,914,035	2,766,996	3,382,971	3,398,498	(註 2)
	After distribution	2,789,295	3,371,384	3,364,741	4,048,786	4,104,730	3,856,363 (註 2)
Equity attributable to owners of the parent company		2,797,728	2,829,012	3,019,873	3,125,327	3,269,951	2,790,303
Share capital		1,063,603	1,063,603	1,063,603	1,063,603	1,063,603	1,063,603
Capital surplus		166,514	166,514	166,514	166,514	166,514	166,514
Retained earnings	Before distribution	1,629,691	1,571,248	1,752,625	1,893,728	2,011,868	(註 2)
	After distribution	1,156,388	1,113,899	1,154,880	1,227,913	1,305,636	1,511,866 (註 2)
Other equity interests		(62,080)	27,647	37,131	1,482	27,966	48,320
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-

Total equity	Before distribution	2,797,728	2,829,012	3,019,873	3,125,327	3,269,951	(註 2）
	After distribution	2,324,425	2,371,663	2,422,128	2,459,512	2,563,719	2,790,303 (註 2）

(Note 1): The financial information for the most recent 5 years has been audited and verified by an independent auditor.

(Note 2): On February 29, 2024, the Board has resolved for cash dividend distribution.

(Note 3): The financial information for the year ended December 31, 2023 was audited and verified by CPAs Hsu, Hsin-Min and Cheng, Ching-Piao of Ernst & Young, and have issued an unqualified opinion independent auditors' report. The financial information for March 31, 2024 was reviewed by CPAs Hsu, Hsin-Min and Chiu, Wan-Ru of Ernst & Young, and have issued a qualified opinion review report.

(I-2) Parent Company Only Condensed Balance Sheet

Unit: NTD thousand

Item		Financial information for the most recent five years (Note 1) 2019	2020	2021	2022	2023
Current assets		2,941,643	3,414,904	3,597,930	4,420,969	4,761,275
Property, plant and equipment		451,652	452,968	445,923	440,059	495,417
Intangible asset		5,523	6,696	7,988	2,905	1,424
Other assets		1,162,196	1,143,202	1,189,083	1,170,335	1,092,930
Total assets		4,561,014	5,017,770	5,240,924	6,034,268	6,351,046
Current liabilities	Before distribution	1,661,492	2,083,790	2,120,610	2,800,875	2,998,756
	After distribution	2,134,795	2,541,139	2,718,355	3,466,690	3,704,988
Non-current liabilities		101,794	104,968	100,441	108,066	82,339
Total liabilities	Before distribution	1,763,286	2,188,758	2,221,051	2,908,941	3,081,095
	After distribution	2,236,589	2,646,107	2,818,796	3,574,756	.3,787,327
Equity attributable to owners of the parent company		2,797,728	2,829,012	3,019,873	3,125,327	3,269,951
Share capital		1,063,603	1,063,603	1,063,603	1,063,603	1,063,603
Capital surplus		166,514	166,514	166,514	166,514	166,514
Retained earnings	Before distribution	1,629,691	1,571,248	1,752,625	1,893,728	2,011,868
	After distribution	1,156,388	1,113,899	1,154,880	1,227,913	1,305,636
Other equity interests		(62,080)	27,647	37,131	1,482	27,966
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	2,797,728	2,829,012	3,019,873	3,125,327	3,269,951
	After distribution	2,324,425	2,371,663	2,422,128	2,459,512	2,563,719

(Note 1): The financial information for the most recent 5 years has been audited and verified by an independent auditor.

(Note 2): On February 29, 2024, the Board has resolved for cash dividend distribution.

(II-1) Consolidated Condensed Statement of Comprehensive Income

Unit: NTD thousand

Year / Item	Financial information for the most recent five years (Note 1)					Financial information for the current fiscal year as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	5,521,432	5,542,811	6,579,554	6,728,995	7,270,862	1,753,473
Operating margin	1,345,072	1,377,627	1,598,636	1,734,978	1,786,367	446,495
Operating income	521,057	543,421	760,533	803,612	863,681	225,339
Non-operating income and expenses	48,661	57,088	37,814	105,698	108,866	32,868
Income before income tax	569,718	600,509	798,347	909,310	972,547	258,207
Current net income from continuing operations	446,501	497,618	638,162	735,171	783,241	206,230
Losses from discontinued operations	-	-	-	-	-	-
Net income	446,501	497,618	638,162	735,171	783,241	206,230
Other comprehensive income for the current period (net of income tax)	75,424	6,969	10,048	(31,972)	27,198	20,354
Total comprehensive income for the period	521,925	504,587	648,210	703,199	810,439	226,584
Net income attributable to shareholders of the parent	446,501	497,618	638,162	735,171	783,241	206,230
Net income attributable to non-controlling interest	-	-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent	521,925	504,587	648,210	703,199	810,439	226,584
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-

Earnings per share (EPS)	4.20	4.68	6.00	6.91	7.36	1.94

(Note 1): The financial information for the most recent 5 years has been audited and verified by an independent auditor.

(Note 2): The financial information for the year ended December 31, 2023 was audited and verified by CPAs Hsu, Hsin-Min and Cheng, Ching-Piao of Ernst & Young, and have issued an unqualified opinion independent auditors' report. The financial information for March 31, 2024 was reviewed by CPAs Hsu, Hsin-Min and Chiu, Wan-Ru of Ernst & Young, and have issued a qualified opinion review report.

(II-2) Parent Company Only Statement of Comprehensive Income

Unit: NTD thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	3,704,926	3,917,557	5,123,089	5,794,860	5,905,815
Operating margin	977,130	1,076,797	1,301,813	1,504,902	1,591,907
Operating income	346,796	410,268	580,393	679,965	768,125
Non-operating income and expenses	176,622	153,839	176,126	201,407	168,109
Income before income tax	523,418	564,107	756,519	881,372	936,234
Current net income from continuing operations	446,501	497,618	638,162	735,171	783,241
Losses from discontinued operations	-	-	-	-	-
Net income	446,501	497,618	638,162	735,171	783,241
Other comprehensive income for the current period (net of income tax)	75,424	6,969	10,048	(31,972)	27,198
Total comprehensive income for the period	521,925	504,587	648,210	703,199	810,439
Net income attributable to shareholders of the parent	446,501	497,618	638,162	735,171	783,241
Net income attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent	521,925	504,587	648,210	703,199	810,439
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	4.20	4.68	6.00	6.91	7.36

(Note 1): The financial information for the most recent 5 years has been audited and verified by an independent auditor.

(III) Name of CPAs and Auditors' Opinions

Year	CPA Firm	Name of CPA	Opinion
2019	Ernst & Young	Huang, Yi-Hui and Cheng, Ching-Piao	Unqualified opinion
2020	Ernst & Young	Hsu, Hsin-Min and Cheng, Ching-Piao	Unqualified opinion
2021	Ernst & Young	Hsu, Hsin-Min and Cheng, Ching-Piao	Unqualified opinion
2022	Ernst & Young	Hsu, Hsin-Min and Cheng, Ching-Piao	Unqualified opinion
2023	Ernst & Young	Hsu, Hsin-Min and Cheng, Ching-Piao	Unqualified opinion
2024 First Quarter	Ernst & Young	Hsu Hsin-Min, Chiu Wan-Ru	Qualified opinion

II. Financial Analysis for the Most Recent 5 Years

(I-1)Consolidated Financial Analysis

Analysis item \ Year		Financial information for the most recent five years (Note 1)					Current fiscal year as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Financial structure (%)	Debts Ratio (%)	45.29	50.74	47.82	51.98	50.96	58.02
	Long-term Fund to Property, Plant and Equipment (%)	640.97	647.01	699.49	734.70	676.72	575.80
Solvency (%)	Current Ratio	192.34	175.04	187.13	175.29	175.41	153.04
	Quick Ratio	109.40	88.84	93.92	77.74	84.78	63.38
	Times Interest Earned (Times)	335.93	360.80	551.20	531.52	390.49	1745.64
Operating Performance Analysis	Average receivables turnover (times)	6.16	5.41	6.20	7.15	8.21	8.24
	Days Sales Outstanding	59	67	59	51	44	44
	Average Inventories Turnover (Times)	2.62	2.42	2.52	2.20	2.27	2.14
	Average Payment Turnover (Times)	4.81	4.41	4.86	5.03	5.14	5.16
	Average Inventories Turnover Days	139	151	145	166	161	171
	Property, Plant and Equipment Turnover (Times)	12.09	12.23	14.62	15.18	15.54	14.11
	Total Assets Turnover (Times)	1.10	1.02	1.14	1.09	1.10	1.05
Profitability	Return on assets (%)	8.89	9.19	11.09	11.98	11.92	3.10
	Return on Equity (%)	16.42	17.69	21.82	23.93	24.49	6.81
	Net profit before tax to Paid-in Capital Ratio (%)	53.56	56.46	75.06	85.49	91.44	24.28
	Net profit rate (%)	8.09	8.98	9.70	10.93	10.77	11.76
	Earnings Per Share (NTD)	4.20	4.68	6.00	6.91	7.36	1.94
Cash flow	Cash Flow Ratio (%)	26.28	15.81	21.05	20.63	35.59	(9.77)
	Cash Flow Adequacy Ratio (%)	89.00	61.65	60.34	55.97	89.77	66.07
	Cash Flow Reinvestment Ratio (%)	7.57	(1.00)	3.29	2.36	14.92	(12.49)
Leverage	Operating Leverage	1.08	1.08	1.06	1.05	1.05	1.05
	Financial Leverage	1.00	1.00	1.00	1.00	1.00	1.00

Reasons for more than 20% change in financial ratios in the most recent 2 years:

1、Interest Coverage Ratio (consolidated and standalone financial statements): The primary reason for the decrease in the interest coverage ratio in 2023 compared to 2022 is the increase in net profit after tax, income tax expense, and interest expenses.

2、Cash flow ratio (consolidated and standalone financial statements): This is mainly due to the net cash flow from operating activities over the recent five fiscal years of 2023 is higher than that of 2022, resulting in the increase in 2023 cash flow adequacy ratio compared to 2022.
3、The cash flow adequacy ratio (consolidated and standalone financial statements) primarily reflects a reduction in inventory from 2023 compared to 2022, resulting in an increase in the cash flow adequacy ratio for 2022.
4、Cash flow reinvestment ratio (consolidated and standalone financial statements): this is mainly due to the net cash inflow from operating activities in 2023 is higher than that in 2022, resulting in the increase in 2023 cash flow reinvestment ratio compared to 2022.

(Note 1): The financial information for the most recent 5 years has been audited and verified by an independent auditor.
(Note 2): The financial information for the year ended December 31, 2023 was audited and verified by CPAs Hsu, Hsin-Min and Cheng, Ching-Piao of Ernst & Young, and have issued an unqualified opinion independent auditors' report. The financial information for March 31, 2024 was reviewed by CPAs Hsu, Hsin-Min and Chiu, Wan-Ru of Ernst & Young, and have issued a qualified opinion review report.
(Note 3): Please refer to pages 212-214 for the formulas for the above ratios.

(I-2) Standalone Financial Analysis

Analysis item \ Year		Standalone financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debts Ratio (%)	38.66	43.62	42.38	48.21	48.51
	Long-term Fund to Property, Plant and Equipment (%)	641.98	647.72	699.74	734.76	676.66
Solvency (%)	Current Ratio	177.05	163.88	169.66	157.84	158.78
	Quick Ratio	96.68	71.81	67.07	58.46	66.60
	Times Interest Earned (Times)	380.56	377.07	534.89	532.59	380.04
Operating Performance Analysis	Average receivables turnover (times)	5.75	5.52	7.36	8.33	7.98
	Days Sales Outstanding	63	66	50	44	46
	Average Inventories Turnover (Times)	2.43	2.17	2.29	2.16	2.01
	Average Payment Turnover (Times)	4.65	4.45	5.59	5.81	4.93
	Average Inventories Turnover Days	150	168	159	169	182
	Property, Plant and Equipment Turnover (Times)	8.13	8.66	11.40	13.08	12.63
	Total Assets Turnover (Times)	0.84	0.82	1.00	1.03	0.95
Profitability	Return on assets (%)	10.15	10.42	12.46	13.06	12.68
	Return on Equity (%)	16.42	17.69	21.82	23.93	24.49
	Net profit before tax to Paid-in Capital Ratio (%)	49.21	53.04	71.13	82.87	88.02
	Net profit rate (%)	12.05	12.70	12.46	12.69	13.26
	Earnings Per Share (NTD)	4.20	4.68	6.00	6.91	7.36
Cash flow	Cash Flow Ratio (%)	29.24	16.23	19.55	23.68	41.88
	Cash Flow Adequacy Ratio (%)	107.97	68.57	51.94	56.69	81.77
	Cash Flow Reinvestment Ratio (%)	4.25	(4.60)	(1.35)	1.98	17.14
Leverage	Operating Leverage	1.11	1.09	1.08	1.06	1.05
	Financial Leverage	1.00	1.00	1.00	1.00	1.00

(Note 1): The financial information for the most recent 5 years has been audited and verified by an independent auditor.

(Note 2): The financial information for the year ended December 31, 2023 was audited and verified by CPAs Hsu, Hsin-Min and Cheng, Ching-Piao of Ernst & Young, and have issued an unqualified opinion independent auditors' report.

(Note 3): The formulas for the above ratios are as follows:

1. Financial structure
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Average receivables turnover = Net Sales / Average Trade Receivables (including Accounts

Receivable and Notes Receivable originated from operation)

(2) Days Sales Outstanding = 365 / Average Receivables Turnover

(3) Average Inventories Turnover = Cost of Sales / Average Inventories

(4) Average Payment Turnover = Cost of Sales / Average Trade Payables (including Accounts Payable and Notes Payable originated from operation).

(5) Average Inventories Turnover Days = 365 / Average Inventories Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) /Average Total Assets

(2) Return on Equity = Net Income / Average Equity

(3) Net Margin = Net Income / Net Sales

(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)

5. Cash flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventories Additions, and Cash Dividend

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)

6. Leverage:

(1) Operating Leverage = (Net Sales - Variable Cost and Expenses) / Income from Operations (Note 6)

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

(Note 4): The calculation formula for the above earnings per share, one shall pay special attention to the listed matters below when measuring:

1. Based on weighted average number of ordinary shares, and not based on the number of issued shares at the end of the year.
2. Those with cash capital increase or treasury shares transactions, shall consider its circulation period to calculate the weighted average number of shares.
3. Those with capitalization of retained earnings or increased capital from capital surplus, when calculating the earnings per share for the past years and half a year, shall make retroactive adjustments based on the proportion for capital increase. It is not necessary to consider the issuance period of the capital increase.
4. If preferred shares are cumulative preferred shares that are not transferrable, the dividends for the year (regardless of whether it has been distributed) shall be deducted from the net income after tax, or increase the net loss after tax. If the preferred shares are of non-cumulative nature, when there is net income after tax, preferred shares dividends shall be deducted from the net income after tax; if there are losses, then it is not necessary for the adjustments.

(Note 5): When measuring cash flow analysis, shall pay special attention to the following matters:

1. Net cash flow of business activities refers to the net cash inflow from business activities in the statements of cash flow.
2. Capital expenditures refers to the cash outflow of the capital investment each year.
3. Inventory additions are calculated only when the end of year balance is larger than balance at beginning of the period. If the inventories are lesser at the end of the year, it is then calculated by using zero.
4. Cash dividend includes cash dividend of ordinary shares and special shares.
5. Gross property, plant and equipment refers to the total of property, plant and equipment before deduction of accumulating depreciation.

(Note 6): Issuer shall differentiate every business cost and expenses based on its nature as fixed and variable. If it involves estimation or subjective judgements, shall take note of its reasonableness and maintain consistency.

(Note 7): If the stock of a company has no par value or a par value other than NT$ 10, the aforesaid calculation of percentage to paid-in capital, shall change to using the equity percentage attributable to shareholders of the parent in the balance sheet for calculation.

III. Audit Committee's review report for the financial report in the most recent year

2023 Audit Committee Review Report

Audit Committee Review Report

The Board has prepared the Company's 2023 Business Report, Financial Statements, and Earnings Distribution Plan. The Financial Statements have been audited and certified by CPA Hsu, Hsin-Min and Cheng, Ching-Piao of Ernst & Young issuing the Independent Auditors' Report. We have reviewed the above Business Report, Financial Statements, and Earnings Distribution Plan and find that they are consistent with relevant laws and regulations of the Company Act, so we have issued a report as above in accordance with the Securities and Exchange Act and the Company Act. Please proceed to review it.

Sincerely,
Stark Technology Inc. 2024 General Shareholders Meeting

Convener of the Audit Committee: Lu, Jui-Wen

February 29, 2024

IV. The CPA audited consolidated financial statements for the most recent year

Declaration

Affiliated enterprises subject to the preparation of combined financial statements under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises were identical to the affiliated companies subject to the preparation of consolidated financial statements under the International Financial Reporting Standards (IFRS) 10 for the year 2023 (from January 1 to December 31, 2023). All mandatory disclosures of the combined financial statements have been disclosed in the consolidated financial statements; therefore, no separate set of combined financial statements were prepared.

Hereby declare

Stark Technology Inc.

Chairman: Liang, Hsiu-Chung

February 29, 2024

Independent Auditors' Report

To stakeholders of Stark Technology Inc.:

Opinion

We have audited the consolidated balance sheet of Stark Technology Inc. and subsidiaries as at December 31, 2023 and 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flow, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2023 and 2022.

We found that none of the material disclosures of the consolidated financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of IFRS, IAS, IFRIC and interpretations thereof approved and effected by the Financial Supervisory Commission, or compromised the fair view of the consolidated financial position of Stark Technology Inc. and subsidiaries as at December 31, 2023 and 2022, or the consolidated financial performance or consolidated cash flow for the periods January 1 to December 31, 2023 and 2022.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Stark Technology Inc. and subsidiaries when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing the 2023 consolidated financial statements of Stark Technology Inc. and subsidiaries. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore, we do not provide opinions separately for individual matters.

Recognition of service income

Stark Technology Inc. and subsidiaries reported NT$2,427,738 thousand of service income in 2023, representing 33% of total operating revenues and is considered material to the consolidated financial statements. This income is mostly the result of consultation and maintenance services rendered, and given the complexity of contract terms, income is recognized based on the extent of service rendered over the contract tenor. It is therefore necessary to exercise judgment over the scope of performance obligations and the timing of fulfillment, and we consider the amount of income recognized and the recognition approach taken to be key audit issues. Audit procedures that we have taken for the key audit issue mentioned above included (but were not limited to): evaluating the appropriateness of accounting policy on service income recognition, testing the effectiveness of the internal control system that the management has created for recognizing service income, analyzing gross profit margin by service category, executing transaction detail tests including sample examination of service contracts and invoices, and identifying performance obligations, cost-sharing arrangements, and timing of fulfillment for the contracts involved. These actions enabled us to determine whether transactions were recognized at the correct timing. We also reviewed the appropriateness of revenue disclosure mentioned in Notes (IV) and (VI) of the consolidated financial statements.

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

Responsibilities of the management were to prepare and ensure fair presentation of consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of IFRS, IAS, IFRIC and interpretations thereof approved and effected by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing consolidated financial statements also involved: assessing the ability of Stark Technology Inc. and subsidiaries to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Stark Technology Inc. and subsidiaries (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditors’ Responsibilities for the Audit of Consolidated Financial Statements

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with auditing principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the consolidated financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.

2. Obtaining necessary understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Stark Technology Inc. and subsidiaries.

3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.

4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Stark Technology Inc. and subsidiaries to operate as a going concern, based on the audit evidence obtained. We are bound to remind consolidated financial statement users and make related disclosures if material uncertainties exist in regards to the aforementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Stark Technology Inc. and subsidiaries no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the financial statements.

6. Obtaining sufficient and appropriate audit evidence on financial information of entities within the group, and expressing opinions on consolidated financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the group.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects identified in internal control) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit matters after communicating with the governance body regarding the 2023 consolidated financial statements of Stark Technology Inc. and subsidiaries. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Others

Stark Technology Inc. has prepared parent company only financial statements for the years ended December 31, 2023 and 2022, to which we issued an independent auditors' report with unqualified opinion.

Ernst & Young
Release of public company financial statements has been approved by the authority
Approval reference: (96)-Jin-Guan-Zheng-(VI)-0960002720
(103)-Jin-Guan-Zheng-Shen-1030025503

CPA:
Hsu, Hsin-Min
Cheng, Ching-Piao

February 29, 2024

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

Stark Technology Inc. and Subsidiaries

Consolidated Balance Sheet

As at December 31, 2023 and December 31, 2022

(All amounts in NTD thousands)

Asset			December 31, 2023		December 31, 2022	
Code	Item	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	(IV), (VI).1 and (XII)	$ 1,834,358	28	$ 1,534,624	24
1140	Contract assets - current	(IV), (VI).14 and (VI).15	220,671	3	248,953	4
1150	Notes receivable, net	(IV), (VI).3, (VI).15 and (XII)	11,368	-	10,342	-
1172	Accounts receivable	(IV), (VI).4, (VI).15 and (XII)	566,603	8	513,172	8
1173	Installment accounts receivable	(IV), (VI).4, (VI).15 and (XII)	47,686	1	79,052	1
1200	Other receivables	(XII)	9,112	-	4,719	-
130x	Inventories	(IV) and (VI).5	2,282,771	34	2,530,729	39
1410	Prepayments	(IV) and (VI).6	721,792	11	663,641	10
1476	Other financial assets - current	(IV), (VIII) and (XII)	10,421	-	15,372	-
1478	Refundable deposits	(XII)	108,254	2	137,870	2
1479	Other current assets		2,310	-	1,497	-
11xx	Total current assets		5,815,346	87	5,739,971	88
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	(IV), (VI).2 and (XII)	162,954	3	121,666	2
1600	Property, plant and equipment	(IV) and (VI).7	495,515	7	440,151	7
1755	Right-of-use assets	(IV) and (VI).16	28,945	1	26,018	-
1780	Intangible asset	(IV) and (VI).8	1,428	-	2,911	-
1840	Deferred income tax assets	(IV) and (VI). 20	11,225	-	15,804	-
1920	Refundable deposits	(XII)	121,341	2	117,592	2
1933	Long-term installment accounts receivable	(IV), (VI).4, (VI).15 and (XII)	19,140	-	37,711	1
1980	Other financial assets - non-current	(IV), (VIII) and (XII)	8,507	-	4,796	-
1990	Other non-current assets	(VI).9	4,048	-	1,678	-
15xx	Total non-current assets		853,103	13	768,327	12
1xxx	Total assets		$ 6,668,449	100	$ 6,508,298	100

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung　　Manager: Liang, Hsiu-Chung　　Head of Accounting: Huang, I-Tzu

Stark Technology Inc. and Subsidiaries (Continued)
Consolidated Balance Sheet
As at December 31, 2023 and December 31, 2022
(All amounts in NTD thousands)

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Item	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	(IV), (VI).10 and (XII)	$ -	-	$ 150,000	2
2130	Contract liabilities - current	(IV) and (VI).14	1,659,643	25	1,492,594	23
2150	Notes payable	(XII)	3,086	-	18,860	-
2170	Accounts payable	(XII)	1,072,167	16	1,038,247	16
2200	Other payables	(XII)	296,854	5	303,391	5
2230	Current income tax liabilities	(IV) and (VI).20	211,221	3	178,070	3
2250	Provisions	(VI).11	10,745	-	7,427	-
2280	Lease liabilities - current	(IV), (VI).16 and (XII)	14,112	-	10,456	-
2399	Other current liabilities		47,373	1	75,483	1
21xx	Total current liabilities		3,315,201	50	3,274,528	50
	Non-current liabilities					
2570	Deferred income tax liabilities	(IV) and (VI).20	36,152	1	60,098	1
2580	Lease liabilities - non-current	(IV), (VI).16 and (XII)	15,159	-	15,914	-
2640	Net defined benefit liabilities - non-current	(IV) and (VI).12	24,560	-	26,448	1
2645	Guarantee deposits	(XII)	7,426	-	5,983	-
25xx	Total non-current liabilities		83,297	1	108,443	2
2xxx	Total liabilities		3,398,498	51	3,382,971	52
31xx	Equity attributable to owners of the parent company	(VI).13				
3100	Share capital					
3110	Ordinary share		1,063,603	16	1,063,603	16
3200	Capital surplus		166,514	3	166,514	3
3300	Retained earnings					
3310	Legal reserve		1,017,069	15	943,184	14
3320	Special reserve		144	-	144	-
3350	Unappropriated retained earnings		994,655	15	950,400	15
	Total retained earnings		2,011,868	30	1,893,728	29
3400	Other equity interests		27,966	-	1,482	-
3xxx	Total equity		3,269,951	49	3,125,327	48
	Total liabilities and equity		$ 6,668,449	100	$ 6,508,298	100

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung   Manager: Liang, Hsiu-Chung   Head of Accounting: Huang, I-Tzu

Stark Technology Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
For the Years Ended December 31, 2023 and 2022
(All amounts are in NTD thousands, except for earnings per share)

Code	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Net operating revenue	(IV) and (VI).14	$ 7,270,862	100	$ 6,728,995	100
5000	Operating cost	(VI).5 and (VI).17	(5,484,495)	(75)	(4,994,017)	(74)
5900	Operating margin		1,786,367	25	1,734,978	26
6000	Operating expenses	(VI).16 and (VI).17				
6200	Administrative expenses		(833,330)	(12)	(850,219)	(13)
6300	Research and development expenses		(90,305)	(1)	(84,411)	(1)
6450	Expected credit impairment reversal gain	(VI).15	949	-	3,264	-
	Total operating expenses		(922,686)	(13)	(931,366)	(14)
6900	Operating income		863,681	12	803,612	12
7000	Non-operating income and expenses	(VI).18				
7100	Interest income		16,619	-	13,382	-
7010	Other income		93,328	2	63,449	1
7020	Other gains and losses		1,416	-	30,581	1
7050	Finance costs		(2,497)	-	(1,714)	-
	Total non-operating income and expenses		108,866	2	105,698	2
7900	Income before income tax		972,547	14	909,310	14
7950	Income tax expenses	(IV) and (VI).20	(189,306)	(3)	(174,139)	(3)
8200	Net income		783,241	11	735,171	11
8300	Other comprehensive income					
8310	Items not reclassified into profit or loss	(VI).19				
8311	Remeasurement of defined benefit obligation		(586)	-	4,596	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		34,758	-	(41,936)	(1)
8349	Income tax benefit (expense) related to items that are not reclassified into profit or loss		117	-	(919)	-
8360	Items likely to be reclassified into profit or loss	(VI).19				
8361	Exchange differences on translation of foreign operations		(7,091)	-	6,287	-
	Other comprehensive income for the current period (net of income tax)		27,198	-	(31,972)	(1)
8500	Total comprehensive income for the period		$ 810,439	11	$ 703,199	10
8600	Net income attributable to:	(VI).21				
8610	Owners of the parent company		$ 783,241		$ 735,171	
8620	Non-controlling interest		-		-	
			$ 783,241		$ 735,171	
8700	Comprehensive income attributable to:					
8710	Owners of the parent company		$ 810,439		$ 703,199	
8720	Non-controlling interest		-		-	
			$ 810,439		$ 703,199	
	Earnings per share (NTD)					
9750	Basic earnings per share					
9710	Net income	(VI).21	$ 7.36		$ 6.91	
9850	Diluted earnings per share					
9810	Net income	(VI).21	$ 7.32		$ 6.86	

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung   Manager: Liang, Hsiu-Chung   Head of Accounting: Huang, I-Tzu

Stark Technology Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(All amounts in NTD thousands)

		Equity attributable to owners of the parent company								
				Retained earnings			Other equity items			
	Item	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total	Total equity
Code		3100	3200	3310	3320	3350	3410	3420	31XX	3XXX
A1	Balance as at January 1, 2022	$ 1,063,603	$ 166,514	$ 879,312	$ 144	$ 873,169	$ (24,222)	$ 61,353	$ 3,019,873	$ 3,019,873
	Appropriation and distribution of 2021 earnings									
B1	Appropriation of legal reserve	-	-	63,872	-	(63,872)	-	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(597,745)	-	-	(597,745)	(597,745)
D1	Net income for 2022	-	-	-	-	735,171	-	-	735,171	735,171
D3	Other comprehensive income for 2022	-	-	-	-	3,677	6,287	(41,936)	(31,972)	(31,972)
D5	Total comprehensive income for the period	-	-	-	-	738,848	6,287	(41,936)	703,199	703,199
Z1	Balance as at December 31, 2022	$ 1,063,603	$ 166,514	$ 943,184	$ 144	$ 950,400	$ (17,935)	$ 19,417	$ 3,125,327	$ 3,125,327
A1	Balance as at January 1, 2023	$ 1,063,603	$ 166,514	$ 943,184	$ 144	$ 950,400	$ (17,935)	$ 19,417	$ 3,125,327	$ 3,125,327
	Appropriation and distribution of 2022 earnings									
B1	Appropriation of legal reserve	-	-	73,885	-	(73,885)	-	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(665,815)	-	-	(665,815)	(665,815)
D1	Net income for 2023	-	-	-	-	783,241	-	-	783,241	783,241
D3	Other comprehensive income for 2023	-	-	-	-	(469)	(7,091)	34,758	27,198	27,198
D5	Total comprehensive income for the period	-	-	-	-	782,772	(7,091)	34,758	810,439	810,439
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	1,183	-	(1,183)	-	-
Z1	Balance as at December 31, 2023	$ 1,063,603	$ 166,514	$ 1,017,069	$ 144	$ 994,655	$ (25,026)	$ 52,992	$ 3,269,951	$ 3,269,951

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung Manager: Liang, Hsiu-Chung Head of Accounting: Huang, I-Tzu

Stark Technology Inc. and Subsidiaries

Consolidated Statement of Cash Flow

For the Years Ended December 31, 2023 and 2022

(All amounts in NTD thousands)

Code	Item	2023 Amount	2022 Amount
AAAA	Cash flow from operating activities:		
A10000	Income before income tax	$ 972,547	$ 909,310
A20000	Adjustments:		
A20010	Income, expenses and losses:		
A20100	Depreciation expenses	35,757	31,172
A20200	Amortization expenses	2,824	6,932
A20300	Expected credit impairment reversal gain	(949)	(3,264)
A20900	Interest expense	2,497	1,714
A21200	Interest income	(16,619)	(13,382)
A21300	Dividend income	(9,700)	(10,560)
A22500	Loss on disposal and retirement of property, plant and equipment	(18)	-
A31000	Changes in assets/liabilities that are related to operating activities:		
A31125	Contract assets	30,441	(37,173)
A31130	Notes receivable	(1,026)	(4,583)
A31150	Accounts receivable	(3,288)	117,049
A31180	Other receivables	(4,383)	689
A31200	Inventories	239,668	(540,953)
A31230	Prepayments	(66,151)	(162,367)
A31240	Other current assets	(813)	(103)
A32125	Contract liabilities - current	167,049	318,800
A32130	Notes payable	(15,774)	17,897
A32150	Accounts payable	33,920	109,435
A32180	Other payables	(6,492)	41,636
A32200	Provisions	3,318	(7,293)
A32230	Other current liabilities	(28,110)	(1,041)
A32240	Net defined benefit liabilities	(2,474)	(3,193)
A33000	Cash inflow from operations	1,332,224	770,722
A33100	Interests received	15,197	9,328
A33200	Dividend received	9,700	10,560
A33300	Interests paid	(1,924)	(1,170)
A33500	Income tax paid	(175,405)	(113,831)
AAAA	Net cash inflow from operating activities	1,179,792	675,609

Code	Item	2023 Amount	2022 Amount
BBBB	Cash flow from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(1,250)	(26,000)
B00030	Capital reduction of financial assets at fair value through other comprehensive income	2,720	6,611
B02000	Increase in prepayments for investments	-	(8,000)
B02700	Acquisition of property, plant and equipment	(65,495)	(9,013)
B02800	Disposal of property, plant and equipment	1,476	-
B03700	Decrease (increase) in refundable deposits	25,867	(24,876)
B04500	Acquisition of intangible assets	(1,341)	(1,845)
B06500	Decrease (increase) in other financial assets	1,240	(4,313)
B06700	Increase in other non-current assets	(2,370)	(399)
BBBB	Net cash outflow from investing activities	(39,153)	(67,835)
CCCC	Cash flow from financing activities:		
C00200	Increase (decrease) in short-term loans	(150,000)	80,000
C03000	Increase in guarantee deposits	1,443	2,845
C04020	Repayment of lease principal	(19,492)	(15,359)
C04500	Distribution of cash dividends	(665,815)	(597,745)
CCCC	Net cash outflow from financing activities	(833,864)	(530,259)
DDDD	Effect of exchange rate variation on cash and cash equivalents	(7,041)	6,199
EEEE	Net increase in cash and cash equivalents for the current period	299,734	83,714
E00100	Cash and cash equivalents, beginning of period	1,534,624	1,450,910
E00200	Cash and cash equivalents, end of period	$ 1,834,358	$ 1,534,624

(Please refer to notes to consolidated financial statements)

Chairman: Liang, Hsiu-Chung Manager: Liang, Hsiu-Chung Head of Accounting: Huang, I-Tzu

Stark Technology Inc. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(All amounts in NTD thousands unless otherwise specified)

(I). Organization and Operations

Stark Technology Inc. (the "Company") was incorporated on March 24, 1993. Its main business activities include distribution and maintenance of computers and peripherals; research, design, development, and sale of computer software/hardware, computer system design, and import/export trade for the Company's own products.

Shares of the Company have been listed for trading on "Taiwan Stock Exchange Corporation" since September 2001. The Company's place of registration and main business location is 12F-1, No. 83, Section 2, Dongda Road, Hsinchu City.

(II). Financial Statement Approval Date and Procedures

Consolidated financial statements of the Company and subsidiaries (collectively referred to as the "Group") for the years ended December 31, 2023 and 2022 were approved by the board of directors on February 29, 2024.

(III). Application of new standards, amendments, and interpretations

1. Change of accounting policy resulting from first-time adoption of International Financial Reporting Standards (IFRS)

   The Group has adopted the version of IFRS, IAS, IFRIC and interpretations thereof that approved and effected by Financial Supervisory Commission (FSC) for accounting periods on and after January 1, 2023. First-time adoption of the new standards and amendments has had no material impact on the Group.

2. The Group has not adopted the following IASB-announced and FSC-approved new standards, amendments, guidance, and interpretation as of the release date of the financial reports:

Item No.	New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
1	Amendments to IAS 1 - "Classification of Liabilities as Current or Non-Current"	January 1, 2024
2	Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"	January 1, 2024
3	Amendments to IAS 1 - "Non-Current Liabilities in Contracts"	January 1, 2024
4	Amendments to IAS 7 and IFRS 7 – "Supplier Finance Arrangements"	January 1, 2024

(1) Amendments to IAS 1 - "Classification of Liabilities as Current or Non-current"

This amendment concerns the classification of liabilities between current and non-current, as stated in paragraphs 69-76 of IAS 1 - "Presentation of Financial Statements."

(2) Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"

This amendment for IFRS 16 – “Leases” is intended to ensure the consistency of application of the standard by adding subsequent measurement requirements for a seller-lessee in a sale and leaseback transactions.

(3) Amendments to IAS 1 - "Non-Current Liabilities in Contracts"

This amendment aims to enhance the information provided by the entity regarding long-term debt contracts. The disclosure of contractual obligations that are required to be met within twelve months after the reporting period does not affect the classification of such liabilities as current or non-current at the end of the reporting period.

(4) Amendments to IAS 7 and IFRS 7 – "Supplier Finance Arrangements"

In addition to enhancing the explanation of supplier financing arrangements, this amendment also introduces additional disclosures related to supplier financing arrangements.

(All amounts in NTD thousands unless otherwise specified)

The aforementioned new, revised and amended standards or interpretations are issued by IASB and endorsed by FSC to take effect for annual periods beginning on January 1, 2024. Upon assessment, the adoption of newly issued or revised standards and interpretations does not have any material impact on the Group.

3. As of the publication date of financial statements, the Group had not adopted the following IASB-announced new standards, amendments, guidance, and interpretation that were not approved by FSC:

Item No.	New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
1	Amendments to IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	To be determined by International Accounting Standards Board
2	IFRS 17 - "Insurance Contracts"	January 1, 2023
3	Amendments to IAS 21 - "Lack of Exchangeability"	January 1, 2025

(1) Amendments to IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

This amendment is intended to address the inconsistent treatments between IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" in cases where a company loses control in a subsidiary when ownership of that subsidiary is offered as consideration for investing into an associated company or joint venture. IAS 28 states that, when a company contributes non-monetary asset in exchange for equity interest in an associated company or joint venture, the transaction shall be treated as a downstream transaction and any share of gains or losses that arises as a result is eliminated. IFRS 10, however, requires the entirety of gains or losses to be recognized when a company loses control in a subsidiary. This amendment limits the IAS 28 treatment mentioned above, and requires all gains or losses to be recognized when the assets sold or contributed constitute a business defined under IFRS 3.

Meanwhile, IFRS 10 was amended so that, when an investor sells or contributes a subsidiary that does not constitute a business defined under IFRS 3 with its associated company or joint venture, gains or losses that arise as a result shall be recognized only for the share that is not attributed to the investor.

(2) IFRS 17 - "Insurance Contracts"

This standard provides a comprehensive model for the treatment of insurance contracts, including accounting practices (from recognition, measurement, presentation to disclosure). The standard uses a general model at its core, and under this model, a group of insurance contracts shall be recognized at initiation as the sum of fulfillment cash flows and contractual service margin; thereafter, book value for the group of insurance contracts shall be presented as the sum of liability for remaining coverage and liability for incurred claims as at each balance sheet date.

In addition to the general model, the standard also introduces treatment for insurance contract with direct participation features (the Variable Fee Approach) and simplified approach for short-term contracts (the Premium Allocation Approach).

This standard was first published in May 2017 and later amended in 2020 and 2021, which postponed the effective date stated in the transition clause by 2 years (from January 1, 2021 to January 1, 2023), introduced additional exemptions, and reduced cost of adoption through the simplified approach. The amendment also made some circumstances easier to interpret. This standard will supersede the transitional standard (i.e. IFRS 4 - "Insurance Contracts") once effected.

(3) Amendments to IAS 21 - "Lack of Exchangeability"

The amendments explain the exchangeability and lack of exchangeability between currencies and how to determine the exchange rate as well as additional disclosures required when a currency is not exchangeable. The amendments will take effect for annual periods beginning on January 1, 2025.

All above standards and interpretations announced by IASB but not yet approved by FSC shall become effective on dates announced by FSC. The Group is currently evaluating the potential impacts of newly announced/amended standards and interpretations listed in (1), and is unable to provide reasonable estimate of how the above standards or interpretations may affect the Group. Aside from the above, other newly announced/amended standards and interpretations have no material impact on the Group.

(IV). Summary of Significant Accounting Policies

1. Compliance statement

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of IFRS, IAS, IFRIC and interpretations thereof approved and effected by the FSC.

2. Basis of Preparation

The consolidated financial statements have been prepared based on historical cost, except for financial instruments carried at fair value. Unless otherwise specified, all amounts in the consolidated financial statements are presented in NTD thousands.

3. Consolidation overview

Basis of preparation for consolidated financial statements

The Company is considered to exercise control if it is exposed or entitled to variable returns generated by an investee and has the power to influence such return through control over the investee. Specifically, the Company considers itself to exercise control over an investee when all three conditions below are satisfied:

(1) Power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee)
(2) Exposure or entitlement to variable returns due to involvement in the investee's operation, and
(3) Ability to influence returns by exercising authority over the investee

If the Company directly or indirectly holds less-than-majority voting rights (or rights of similar nature) in an investee, the Group would evaluate whether it has power over the investee after taking into consideration all relevant facts and circumstances, including:

(1) Agreement with other voting right holders in the investee
(2) Power given rise through other agreement
(3) Voting rights and potential voting rights

When facts or circumstances indicate change in one or several of the three control elements above, the Company would immediately evaluate whether it still exercises control over the investee.

A subsidiary is consolidated into the consolidated financial statements from the day of acquisition (i.e., the day the Company gains control), until the day control is lost on the subsidiary. All subsidiaries adopt accounting periods and accounting policies that align with those of the parent company. All intra-group account balances, transactions, dividends, and unrealized gains or losses on intra-group transactions are eliminated upon consolidation.

Changes in shareholding of subsidiary without losing control are treated as equity transactions.

Total comprehensive income produced by subsidiaries is divided into amounts that are attributable to owners of the Company and amounts that are attributable to non-controlling shareholders, even if the allocation would put non-controlling equity in negative balance.

When the Company loses control in a subsidiary

(1) All assets (including goodwill) and liabilities of the subsidiary are removed;
(2) Book value of any non-controlling equity is removed;
(3) Fair value of consideration received is recognized;
(4) Fair value of any investment retained is recognized;
(5) Amount previously recognized in other comprehensive income of the parent company is reclassified as current profit or loss or directly transferred to retained earnings in accordance with the provisions of other IFRS;
(6) The resulting difference is recognized as current profit or loss.

(All amounts in NTD thousands unless otherwise specified)

This consolidated financial statement encompasses the following:

Name of the investor	Name of subsidiary	Main business activities	Ownership percentage December 31, 2023	Ownership percentage December 31, 2022
The Company	Stark Technology Inc. (USA)	Trading of computer-related products	100%	100%
The Company	Pacific Ace Holding International Ltd.	General investment	100%	100%
The Company	SRAIN Investment Co., Ltd.	General investment	100%	100%
The Company	Stark Information (Hong Kong) Limited (Note)	Trading of computer equipment and software	-	100%
SRAIN Investment Co., Ltd.	S-Rain Investment Ltd.	General investment	100%	100%
SRAIN Investment Co., Ltd.	Stark Inforcom Inc.	Trading of computer-related products	100%	100%
S-Rain Investment Ltd.	Shanghai Stark Technology Inc.	General electronics trading	100%	100%
Pacific Ace Holding International Ltd.	Profit Reap International Limited	General investment	100%	100%
Profit Reap International Limited	STARK (NINGBO) Technology Inc.	General electronics trading	100%	100%

Note: The board of directors passed the resolution on July 28, 2023 to initiate the dissolution and liquidation process of Stark Information (Hong Kong) Limited. As of December 31, 2023, the dissolution and liquidation had not been completed yet.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in the Company's functional currency (NTD). Each entity within the Group determines its own functional currency, and prepares financial statements using their respective functional currencies.

Foreign currency transactions by entities of the Group are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items are converted using closing exchange rate at the end of each reporting period. Foreign currency-denominated non-monetary items measured at fair value are converted using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

Exchange differences arising from settlement or translation of monetary accounts are recognized in profit and loss in the period occurred, except in the following circumstances.

(1) For foreign currency loans that are undertaken for the purpose of acquiring a qualifying asset, the exchange difference would form part of the borrowing cost if it is treated as an adjustment to interest cost, and capitalized into the cost of the asset.
(2) Foreign currency items subject to IFRS 9 - "Financial Instruments" are treated using accounting policy on financial instruments.
(3) For monetary items that make up a part of the reporting entity's net investments in foreign operation, exchange difference is recognized as other comprehensive income at initiation, and subsequently reclassified from equity into profit or loss upon disposal of net investments.

Non-monetary accounts that have gains and losses recognized as other comprehensive income shall also have any exchange component of that gain or loss recognized as other comprehensive income. Non-monetary accounts that have gains and losses recognized in profit and loss shall also have any exchange component of that gain or loss recognized in profit and loss.

5. Translation of foreign currency financial statements

When preparing consolidated financial statements, assets and liabilities of foreign operations are converted into NTD using closing exchange rate as at the balance sheet date, whereas income, expenses, and losses are converted using average exchange rate for the current period. Exchange differences arising from financial statement translation are recognized as other comprehensive income; upon disposal of foreign operations, exchange differences previously recognized as other comprehensive income and accumulated under equity from the separate parts are reclassified from equity to profit or loss when recognizing gain/loss on disposal. In a partial disposal of subsidiary containing foreign operation that results in a loss of control, and partial disposal of equity in an associated company or joint agreement containing foreign operation, the disposal treatment shall also apply if the remaining equity can be regarded as a financial asset containing foreign operation.

In a partial disposal of subsidiary containing foreign operation that does not result in a loss of control, cumulative exchange differences previously recognized in other comprehensive income are re-attributed to non-controlling equity of such foreign operation, instead of being recognized in profit or loss. In a partial disposal of associated company or joint agreement containing foreign operation where significant influence or joint control is not lost, cumulative exchange differences are reclassified into profit or loss proportionally.

Goodwill arising from acquisition of foreign operations and fair value adjustments to the book value of assets and liabilities are accounted as assets and liabilities of the respective foreign operations, and presented in the functional currency.

6. Classification of current and non-current assets and liabilities

Assets that satisfy any of the following criteria are classified as current assets; assets that are not classified as current are classified as non-current assets:

(1) Assets that are expected to be realized, or intended to be sold or consumed, in the Group's normal operating cycle.
(2) Assets that are held mainly for the purpose of trading.
(3) Assets that are expected to be realized within 12 months after the end of the reporting period.
(4) Cash or cash equivalents, except those are restricted from being swapped or used to repay liabilities beyond 12 months after the end of the reporting period, and those with restricted uses.

Liabilities that satisfy any of the following criteria are classified as current liabilities; liabilities that are not classified as current are classified as non-current liabilities:

(1) Liabilities that are expected to be repaid in the Group's normal business cycle.
(2) Liabilities that are held mainly for the purpose of trading.
(3) Liabilities that are expected to be repaid within 12 months after the end of the reporting period.
(4) Liabilities where the repayment terms cannot be unconditionally beyond 12 months after the end of the reporting period. Liabilities with terms that give counterparties the option to be repaid by the issue of equity instruments do not affect their classification.

7. Cash and cash equivalents

Cash and cash equivalent refer to cash on hand, demand deposit, and short-term and highly liquid time deposits or investments (including time deposits with terms equal to or less than 12 months) that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

8. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to a financial instrument contract.

Financial assets and liabilities subject to IFRS 9 - "Financial Instruments" are measured at fair value at initiation. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the respective asset/liability.

(1) Recognition and measurement of financial assets

Regular transactions of financial asset are recognized and derecognized using trade date accounting.

The Group classifies financial assets into those that are carried at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss based on the two considerations below:

A. Business model for managing the financial assets
B. Characteristics of contractual cash flow for the financial assets

Financial assets at amortized costs

Financial assets that simultaneously satisfy the two conditions below are carried at amortized cost and presented on balance sheet as notes receivable, accounts receivable, installment accounts receivable, long-term installment accounts receivable, and other receivables:

A. Business model for managing the financial assets: financial asset is held for the purpose of collecting contractual cash flow
B. Characteristics of contractual cash flow for the financial assets: cash flow is solely used to pay principal and interests on outstanding principal

These financial assets (excluding those that are associated with hedge) are subsequently carried at amortized cost {i.e., the initial amount less principals repaid, plus/less cumulative amortization of differences between the initial amount and the maturity amount (calculated using the effective interest method), and adjusted for loss provisions}. Upon derecognition, amortization, or recognition of impairment gains/losses, the gains or losses are recognized in profit or loss.

Interests calculated using the effective interest method (i.e., by multiplying the book value of financial asset with effective interest rate) or under the following circumstances are recognized in profit or loss:

A. Purchased or originated credit-impaired financial assets, where interest is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
B. Subsequent impairment of financial asset that does not meet the above description, where interest is calculated by multiplying the cost of financial assets after amortization with effective interest rate.

Financial assets at fair value through other comprehensive income

Financial assets that simultaneously satisfy the two criteria below are measured at fair value through other comprehensive income, and presented on the balance sheet as financial assets at fair value through other comprehensive income.

A. Business model for managing the financial assets: financial asset is held for collecting contractual cash flow and sale
B. Characteristics of contractual cash flow for the financial assets: cash flow is solely used to pay principal and interests on outstanding principal

Gains and losses associated with this type of financial assets are recognized in the following manner:

A. Prior to derecognition or reclassification, gains and losses are recognized in other comprehensive income, except for impairment gains/losses and foreign exchange gains/losses, which are recognized in profit or loss

B. Upon derecognition, all cumulative gains/losses previously recognized in other comprehensive income are reclassified from equity to profit or loss and treated as a reclassification adjustment

C. Interests calculated using the effective interest method (i.e., by multiplying the book value of financial asset with effective interest rate) or under the following circumstances are recognized in profit or loss:

(a) Purchased or originated credit-impaired financial assets, where interest is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.

(b) Subsequent impairment of financial asset that does not meet the above description, where interest is calculated by multiplying the cost of financial assets after amortization with effective interest rate.

For equity instruments that are subject to IFRS 9 but are neither held for trading nor recognized as acquirer's contingent consideration under IFRS 3 - Business Combinations, a (irrevocable) choice can be made at initial recognition to account for subsequent fair value changes in other comprehensive income. Amounts presented in other comprehensive income cannot be subsequently reclassified into profit or loss (upon disposal of the equity instrument, amounts previously accumulated under other equity item are reclassified directly into retained earnings); these instruments are presented on balance sheet as financial assets at fair value through other comprehensive income. Dividends from investments are recognized in profit or loss, unless the dividends clearly represent a partial recovery of the investment cost.

Financial assets at fair value through profit or loss

With the exception of financial assets that are carried at amortized cost or measured at fair value through other comprehensive income for satisfying the special criteria mentioned above, all other financial assets are measured at fair value through profit or loss, and presented on balance sheet at fair value through profit or loss.

This category of financial assets is measured at fair value. Gains or losses arising from remeasurement are recognized in profit or loss. The amount of gains and losses recognized in profit or loss includes all dividends or interests collected on the financial asset.

(2) Impairment of financial assets

The Group recognizes and measures the loss provisions for debt instrument investments held at fair value through other comprehensive income and financial assets carried at amortized cost at an amount equal to expected credit loss. Loss provisions on debt instrument investments held at fair value in other comprehensive income are recognized through other comprehensive income and do not reduce the book value of investment.

The Group measures expected credit losses after taking into account of the following:

A. An unbiased and probability-weighted amount determined after assessing the possible outcomes
B. Time value of monetary
C. Rational and verifiable information about past event, current situation, and future economic forecast (that can be obtained on the balance sheet date without incurring excessive cost or input)

Loss provisions are measured using the methods explained below:

A. At an amount equal to 12-month expected credit loss: applies to financial assets that exhibit no significant increase in credit risk since initial recognition, or those that are considered to be of low credit risk as at the balance sheet date. This method also applies to accounts that had loss provisions measured based on lifetime expected credit losses in the previous reporting period, but no longer meets the condition of having exhibited significant increase in credit risk since initial recognition as at the current balance sheet date.
B. At an amount equal to lifetime expected credit losses: applies to financial assets that exhibit significant increase in credit risk since initial recognition, or purchase or originated credit-impaired financial assets.
C. For accounts receivable or contract assets that arise from the transactions defined in IFRS 15, the Group measures loss provisions at an amount equal to lifetime expected credit losses.
D. For lease receivable that arises from the transactions defined in IFRS 16, the Group measures loss provisions at an amount equal to lifetime expected credit losses.

On each balance sheet date, the Group examines financial instruments for any change in default risk between the balance sheet date and the date of initial recognition, and in doing so evaluates whether there is significant increase in the credit risk of financial instrument since initial recognition. Please see Note (XII) for credit risk-related information.

(3) Derecognition of financial assets

Financial assets that satisfy any of the following criteria are derecognized:

A. When contractual entitlement to receive cash flow from the asset has ended.
B. When the financial asset has been transferred along with virtually all risks and returns associated with the ownership of the asset.
C. When control of the asset has been transferred, even if the Group does not transfer or retain virtually all risks and returns associated with the asset.

When a financial asset is derecognized, the difference between book value and the sum of consideration received/receivable plus any cumulative gains or losses previously recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liability and equity

Debt and equity instruments issued by the Group are classified into financial liabilities or equity based on the essence of the contract agreement and definitions of financial liabilities and equity instrument.

Equity instrument

Equity instrument refers to any contract that represents residual interests after the Group deducts all of its liabilities from its assets. Equity instruments issued by the Group are recognized at the amount of proceeds received net of direct issuing costs.

Financial liabilities

Financial liabilities subject to IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost at initiation.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities that are held for trading and designated to be measured at fair value through profit or loss.

Financial liabilities are classified as held for trading if it satisfies any of the following criteria:

A. Acquired mainly for the purpose of being sold in the short term.
B. Having been recognized at initiation as part of a portfolio of identifiable financial instruments under collective management, and there is evidence to suggest that the portfolio is being traded for short-term profits; or
C. Exhibits the characteristics of a derivative instrument (except for financial guarantee contracts or derivative instruments designated for effective hedge).

Contracts that contain one or multiple embedded derivative instruments can be designated as hybrid (combined) contracts, and presented as financial liabilities at fair value through profit or loss. These instruments are designated to be measured at fair value through profit or loss at initiation if more relevant information can be obtained in one of the following situations:

A. Designation would eliminate or significantly reduce discrepancies arising from measurement or recognition; or
B. A group of financial liabilities or a group of financial assets and liabilities that are managed and evaluated performance based on fair value, as per risk management guidelines or investment strategy that are in written form, and that information of the investment portfolio provided internally to the management of the Group is also based on fair value.

Gains and losses arising from remeasurement of this category of financial liabilities are recognized in profit or loss. The amount of gains and losses recognized in profit or loss includes all interests paid on the financial liability.

Financial liabilities at amortized costs

Financial liabilities at amortized costs include payables and loans, which are subsequently measured using the effective interest rate method after initial recognition. When financial liabilities are derecognized from balance sheet and when amortization is provided using the effective interest rate method, the corresponding gains, losses, and amortizations are recognized in profit or loss.

Calculation of amortized costs takes into consideration discounts or premiums at the time of acquisition and transaction costs.

Derecognition of financial liabilities

Financial liabilities are derecognized from balance sheet when obligations have been relieved, canceled, or voided.

When the Group engages a creditor in a swap of debt instruments with significant discrepant terms, or makes significant modification to some or all terms of existing financial liability (whether due to financial distress or not), the effects are accounted by derecognizing the original liability and recognizing the new liability at the same time. When derecognizing financial liability, differences between the book value and the considerations paid/payable (including non-cash assets transferred or liabilities assumed) are recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported in the balance sheet in net amount only when the entity is legally entitled to do so and has the intention to settle assets and liabilities in net amount or to realize the asset and settle the liability at the same time.

9. Fair value assessment

Fair value refers to the price that market participants are able to receive for selling an asset, or the price that has to be paid to transfer a liability, in an orderly transaction on the measurement date. Fair value assessment assumes that the asset/liability is sold/transferred in one of the following markets:

(1) The principal market for the asset or liability; or
(2) The most advantageous market for the asset or liability, if the principal market does not exist

The principal or most advantageous market must be one that the Group has access to and is able to transact in.

Common assumptions that market participants adopt for pricing assets or liabilities are used when assessing fair value of an asset or liability. These assumptions assume that market participants all act in their best economic interest.

Fair value assessment of non-financial assets takes into consideration market participants' intent to make the highest and best use of the asset, or their intent to sell the asset to another market participant that will make the highest and best use in order to generate economic benefits.

The Group assesses fair value by adopting valuation techniques that are appropriate for the given circumstance and for which data can be obtained, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Accounted at acquisition cost; the cost of inventory is calculated using the weighted average method. Inventory is subsequently measured at the lower of cost or net realizable value item by item. Net realizable value refers to the balance of estimated selling price less any costs required to sell inventory under normal circumstances. Allowance for losses on inventory devaluation and obsolescence is made for any inventory that is considered slow-moving or obsolete.

11. Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost and presented net of accumulated depreciation and accumulated impairment. The abovementioned cost includes the cost of uninstalling, removing, and restoring property, plant and equipment at the given location, and any interest costs incurred on construction-in-progress. Significant compositions of property, plant, and equipment are depreciated separately. When making regular replacements for major component of property, plant, and equipment, the Group treats the replacement as a separate asset and recognizes depreciation based on the specified useful life and depreciation method. Book values of replaced assets are derecognized from balance sheet in accordance with IAS 16 - "Property, plant and equipment." Major repair costs that satisfy the recognition criteria are treated as replacement costs and recognized as part of the book value of property, plant and equipment. All other repair and maintenance expenditures are recognized in profit or loss.

Depreciation is provided on a straight-line basis over the estimated useful lives mentioned below:

Buildings	51-56 years
Accessory equipment of buildings	6 years
Transportation equipment	6 years
Office equipment	4-6 years
Right-of-use assets/lease assets	The lower between lease tenor and useful life
Lease improvements	The lower between lease tenor and useful life
Other equipment	2-6 years

The entity derecognizes property, plant and equipment or any of its major components from balance sheet and recognizes in profit or loss when it disposes the asset or expects no further inflow of economic benefits from utilization or disposal of the asset.

Residual value, useful life, and depreciation method of property, plant and equipment are evaluated at the end of each financial year. If the expected value differs from previous estimates, the difference is treated as a change in accounting estimate.

12. Lease

The Group evaluates whether a contract meets the criteria of (or contains) lease on the day of establishment. A contract is considered as (or contains) lease if it involves a transfer of control over identified assets for a period of time in exchange for consideration. To determine whether a contract transfers the right to control the use of an identified asset for a period of time, the Group evaluates whether the following two conditions are met throughout the entire period of use:

(1) The user has the right to obtain substantially all of the economic benefits from using the identified asset; and
(2) The user has the right to determine how identified asset is used.

For contracts that meet the criteria of (or contain) lease, the Group treats every lease component in the contract as a standalone lease, and accounts for non-lease components separately. For a contract that contains a lease component and one or multiple additional lease or non-lease components, the Group separates relative standalone price of each lease component from total standalone price of non-lease components, and allocates consideration to lease components. Relative standalone prices of lease and non-lease components are determined based on the price received by lessor (or supplier of similar nature) for the particular component (or similar component). If observable standalone prices are not readily available, the Group will maximize the use of observable information to estimate the standalone price.

Where the Group is the lessee

Except for leases that meet the criteria for and are accounted as short-term lease or least of low-value asset, the Group recognizes right-of-use assets and lease liabilities on all lease contracts where it is the lessee.

On the commencement date, the Group measures lease liabilities at the present value of unpaid lease payments outstanding on that day. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the implicit interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead. Lease payments to be included in the calculation of lease liabilities on the commencement date include the following payments outstanding on that day that are relevant to the right-of-use of the underlying asset over the lease tenor:

(1) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) Variable lease payments that are determined by certain index or rate (which are initially measured using index or rate as at the commencement date);
(3) Amounts that the lessee expects to pay under guaranteed residual value;
(4) Exercise price for the purchase option, provided that the Group is reasonably certain to exercise such option; and
(5) Penalties that have to be paid upon termination of lease, if the lease term reflects the lessee's intent to exercise the termination option.

After the commencement date, the Group measures lease liabilities at amortized cost basis and uses the effective interest method to increase the book value of lease liabilities to reflect the interest expense on lease liabilities. Lease payments reduce the book value of lease liabilities.

The Group measures right-of-use assets at cost on the commencement date; the cost of right-of-use asset includes:

(1) Initial measured amount of lease liabilities;
(2) Any lease payment made on or before the commencement date, less any lease incentive received;
(3) Any direct cost incurred by the lessee at initiation; and

(4) Estimated cost for the lessee to dismantle, remove the underlying asset, and restore its original location, or to restore the underlying asset to the state specified in the terms and conditions of the lease agreement.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment loss; in other words, the cost method is used to measure right-of-use assets.

If ownership of the underlying asset is due to be transferred to the Group at the end of the lease tenor, or if the cost of right-of-use asset already reflects the Group's intent to exercise the option to purchase, the Group shall begin recognizing depreciation on right-of-use assets from the commencement date until the end of useful life. Otherwise, the Group is required to recognize depreciation from the commencement date until the end of useful life of the right-of-use asset or until the end of the lease tenor, whichever the earlier.

The Group adopts IAS 36 - "Asset impairment" to determine whether right-of-use assets exhibit signs of impairment and account for any impairment losses identified.

Except for leases that meet the criteria for and are accounted as short-term lease or lease of low-value asset, the Group recognizes both right-of-use assets and lease liabilities on the balance sheet, and lease-related depreciation and interest expenses on the statement of comprehensive income.

The Group accounts lease payments associated with short-term lease and lease of low-value asset as expense over the lease tenor on a straight-line basis or using an alternative systematic approach.

Where the Group is the lessor

The Group classifies each lease arrangement into an operating lease or financing lease on the contract establishment date. A lease is classified as financial lease if virtually all risks and returns associated with ownership of the underlying asset are transferred; otherwise, the lease is classified as an operating lease. On the commencement date, the Group recognizes assets held under financial lease arrangement on balance sheet, and presents financial lease receivable at the amount of net lease investments.

For contracts that contain both lease component and non-lease component, the Group adopts IFRS 15 and allocates considerations of contracts accordingly.

The Group recognizes lease payments received from operating leases as rental income on a straight-line basis or using alternative systematic basis. In an operating lease, variable lease payments that are not derived from any particular index or rate are recognized as rental income at the time occurred.

13. Intangible asset

Intangible assets that are acquired separately are measured at cost at initiation. For intangible assets acquired through business combination, cost is determined as fair value as of the acquisition date. After initial recognition, book value of intangible assets is subsequently presented at cost less accumulated amortization and accumulated impairment loss. Intangible assets generated internally that do not meet the recognition criteria are not capitalized, but recognized in profit or loss at the time occurred.

Intangible assets are distinguished into those with finite useful lives and those with indefinite useful lives.

Finite useful life intangible assets are amortized over the number of useful years, and subjected to impairment tests if there are signs of impairment. Useful life and method of amortization for finite useful life intangible assets are reviewed at the end of each financial year. If an asset's expected useful life differs from the previous estimate or if there is a change to how future economic benefits are realized, the Group will adjust the period and method of amortization and treat the adjustment as a change in accounting estimate.

Indefinite useful life intangible assets are not amortized, but are subjected to impairment tests as a standalone asset or as part of the cash-generating unit yearly. Indefinite useful life intangible assets are evaluated each year to determine whether there are events or circumstances that continue to support the assets' useful life are indefinite. If changing from indefinite useful life to finite useful life, that apply will be postponed.

Gains or losses arising from the derecognition of intangible assets are recognized in profit or loss.

Computer software

Cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 5 years).

	Computer software
Useful life	Finite
Amortization method	Amortized on a straight-line basis over the estimated useful life
Internally generated or externally acquired	Externally acquired

14. Impairment on non-financial assets

All assets subject to IAS 36 - "Asset impairment" are evaluated whether there is a sign of impairment at the end of each reporting period. If there is a sign of impairment or impairment tests on particular asset is needed yearly, the Group will conduct the impairment tests as a standalone asset or as part of the cash-generating unit. Impairment losses are recognized if the impairment test shows book value of the asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher between the net fair value and the utilization value.

For assets except for goodwill, the Group conducts regular assessments at the end of each reporting period to determine whether impairment losses recognized in previous periods have reduced or no longer exist. If so, the Group immediately estimates the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed if the recoverable amount increases due to a change in estimated service potential of the underlying asset. However, the asset's book value after reversal of impairment losses cannot exceed the amount of book value less depreciation or amortization before the impairment took place.

Impairment losses and reversal gains from continuing operations are recognized in profit or loss.

15. Provisions

Provisions are recognized on current obligations (legally or constructive) given rise by a past event, for which the Group is very likely to incur an outflow of economic benefit or resource to settle such an obligation, and that the amount of obligation can be estimated reliably. When the Group expects some or all of its provisions to be reimbursed, the Group will recognize assets separately only when the reimbursement is almost confirmed. In circumstances where time value of money has a significant impact, the provision is discounted using the pre-tax interest rate that appropriately reflects the specific risk characteristics of the liability. When discounting, any increase in the amount of liability due to passage of time is recognized as borrowing cost.

Provisions for warranty

Provisions for warranty are estimated base on the terms of product sale contracts, and the management's best estimate of future economic benefit outflows of warranty obligations (based on historical warranty experience).

16. Revenue recognition

Revenue from contracts with customers mainly involves sale of merchandise and rendering of service. Accounting treatments are as explained below:

Sales of merchandise

The Group recognizes revenue on sale of merchandise when the promised merchandise has been delivered to the customer and that the customer has control of the merchandise (i.e. the customer is able to make use of the merchandise and access virtually all remaining benefits on the merchandise). Most of the merchandises sold are electronic equipment of high unit price, for which revenues are recognized based on prices stated in individual contracts. Other merchandises are often sold with discount (based on sales volume accumulated within a defined period), therefore revenue is recognized at prices stated in individual contracts less estimated discounts. The Group estimates how volume-based discounts affect variable consideration using previous experience and expected value. However, variable consideration is only taken into account if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. Meanwhile, expected volume discount is recognized as refund liabilities in period of agreement.

Warranty represents the Group's assurance that the merchandise supplied will function within customers' expectations, and is recognized according to IAS 37.

The Group sells merchandises with a credit term of 30-120 days. For most contracts, accounts receivables are recognized when the Group transfers control of merchandise and obtains an unconditional entitlement to receive consideration. Such accounts receivable is usually short in duration and there is no significant financial component. For some contracts that merchandise is transferred to customer but does not obtain unconditional entitlement to receive consideration yet, the Group would recognize contractual assets instead. According to IFRS 9, loss provisions on contract assets should be measured based on Lifetime Expected Credit Losses.

Rendering of service

The services provided by the Group are mainly maintenance, warranty, and design. Such services are priced individually or through negotiation, and provided during the contract period. Service income is recognized over time, considering that the Group renders services in a period of time specified in contract and that customers generate benefits from product throughout contract duration, thereby the performance obligation is fulfilled progressively over time, and service income is recognized over time.

For the majority of the Group's contracts, consideration is collected over equal installments after services are rendered. Contractual assets are recognized when services are rendered to customers without unconditional entitlement to collect consideration. However, in certain contracts where partial consideration is collected from customers in advance at the time of signing, the Group bears the obligation to provide subsequent services and therefore recognizes contractual liabilities.

In the above situation, the reclassification of contractual liabilities into income generally do not exceed one year, and hence has not given rise to significant financing component.

17. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized into part of the cost of the respective assets. All other borrowing costs are expensed in the period incurred. Borrowing cost includes interest and other costs incurred in relation to the borrowing of capital.

18. Post-employment benefit plans

The Company and domestic subsidiaries' retirement policies apply to all permanent employees. All pension contributions are placed entirely under the management of the Labor Pension Fund Supervisory Committee and deposited into a dedicated pension fund account. Since the above pension fund is being held under the name of the Labor Pension Fund Supervisory Committee, it is completely separate from the Company's and domestic subsidiaries' assets and hence excluded from the consolidated financial statements presented above. For employees of foreign subsidiaries, retirement policy is subject to local regulations.

For employees under the post-employment benefit plans of defined contribution plan, the Company and domestic subsidiaries make monthly pension contributions totaling no less than 6% of employees' salary. The amounts contributed are recognized as current period expense.

For employees that are subject to post-employment benefit plans of defined benefit plan, provisions are made at the end of the reporting period based on actuarial report using the Projected Unit Credit method. Remeasurement of net defined benefit liabilities (assets) includes return on plan asset and any change in the effect of asset cap, less the amount of net interest on the net defined benefit liabilities (assets) and actuarial gains/losses. Remeasurement of net defined benefit liabilities (assets) is recognized in other comprehensive income in the periods they occur, and recognized immediately into retained earnings. Service costs for the previous period represent changes in the present value of defined benefit obligations due to plan amendment or curtailment, and are recognized as expense on the earlier of the two dates below:

(1) When the plan is amended or curtailed; and
(2) When the Group recognizes related restructuring costs or termination benefits.

Net interest on net defined benefit liabilities (assets) is determined by multiplying net defined benefit liabilities (assets) with the discount rate. Both variables are determined at the beginning of annual reporting period, and changes in net defined benefit liabilities (assets) due to contributions and benefit payments during the period are evaluated thereafter.

19. Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current income tax and deferred income tax.

Current income tax

Current income tax liabilities (assets) for the current and previous periods are measured using statutory or substantively enacted tax rates and tax laws at the end of the reporting period. Current income taxes that arise in relation to accounts recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or in equity respectively, instead of profit or loss.

Additional income tax for undistributed earnings is recognized as income tax expense on the date when the distribution proposal is approved in the annual shareholders’ meeting.

Deferred income tax

Deferred income tax is recognized on temporary differences between the tax basis of assets and liabilities and book value shown in the balance sheet as of the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities, except for the two circumstances below:

(1) Initial recognition of goodwill; or of an asset or liability that do not arise from transactions of the corporate entity, and at the time of transaction, affects neither accounting profit nor taxable profit (loss) nor gives rise to equal taxable and deductible temporary differences.
(2) Taxable temporary difference that arises from investment in subsidiaries, provided that the timing of reversal can be controlled and the difference is very unlikely to reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences, unused tax losses, and carry forward of unused tax credit to the extent that the Group is likely to earn taxable income to offset them in the future, except for the two circumstances below:

(1) Deductible temporary difference arising from initial recognition of an asset or liability that is unrelated to transactions of the corporate entity, and at the time of transaction, affects neither accounting profit nor taxable profit (loss) nor gives rise to equal taxable and deductible temporary differences.
(2) Deductible temporary difference arising from investment in subsidiaries, which is recognized only to the extent that the difference is very likely to be reversed in the foreseeable future and that sufficient taxable income can be earned to realize the temporary difference.

Deferred income tax assets and liabilities are measured using tax rate that is expected to apply in the year when the asset is realized or the liability is settled. This tax rate is determined based on the tax rate and tax laws that have been enacted of substantively enacted at the end of the reporting period. Deferred income tax liabilities and assets represent tax impacts of the method by which the entity expects to recover/settle the book value of its assets and liabilities at the end of the reporting period. Deferred income taxes unrelated to any profit or loss account are not recognized in profit or loss, but are instead recognized in other comprehensive income or directly in equity depending on the nature of the transaction. Deferred income tax asset is re-examined and recognized at the end of each reporting period.

Current portions of deferred current income tax assets and liabilities can be offset against each other only if the entity is legally entitled to do so, and that the deferred income taxes are attributed to the same taxpayer and the same tax authority.

(V). Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

When preparing consolidated financial statements, the management is required to make judgments, estimates, and assumptions as at the end of the reporting period, which will affect the amounts of income, expenses, assets, and liabilities reported and disclosure of contingent liabilities. Uncertainties associated with these significant assumptions and estimates may cause the entity to make significant adjustments to the book value of assets or liabilities in the future.

1. Judgment

When applying accounting policies for the preparation of financial statements, the management is required to make several significant judgments.

These include:

Operating lease commitments - where the Group is the lessor

Lease arrangements in which the Group retains significant risk and return associated with property ownership, according to the assessments on the terms of the lease agreement, are accounted as operating leases.

2. Estimates and assumptions

Estimates and assumptions made about the future at the end of the reporting period for significant but uncertain sources of information may result in significant risks for material adjustments to the book value of assets and liabilities in the next financial year. Explanation is as follows:

(1) Fair value of financial instruments

When fair value of a financial asset and financial liability shown on balance sheet cannot be obtained through active market, the fair value will be determined using valuation technique, such as the income approach (e.g., discounted cash flow model) or market approach. Changes in the assumptions used in these models will affect the fair value of financial instruments reported. Please see Note (XII) for more details.

(2) Inventories valuation

Due to the fact that inventory is valued at the lower of cost or net realizable value item by item, the Group is required to exercise judgment and make estimates in order to determine the net realizable value of inventory at the end of the reporting period.

Due to rapidly changing technologies, the Group estimates the net realizable value of inventory for normal waste, obsolescence and market value at the end of reporting period and then writes down the cost of inventories to net realizable value. Inventory valuation is estimated primarily based on inventory characteristics, utilization value, historical experience, and market price, and therefore may give rise to significant changes. See Note (VI) for more details.

(3) Post-employment benefit plans

Pension cost and present value of defined benefit obligations of post-employment benefit plans are determined using actuarial valuations. The actuarial valuation involves several different assumptions, including discount rate and expected salary changes. Please see Note (VI) for details on the assumptions used to measure pension cost and defined benefit obligations.

(4) Revenue recognition - sales return and discount

The Group estimates sales return and discount based on historical experience and other known factors, and accounts them as contra items to operating revenues when merchandise is sold. The aforementioned estimates of sales returns and discounts are based on the amount of the accumulated revenue recognized in major reversals is highly unlikely to happen based on the premise. See Note (VI) for more details.

(5) Receivables - estimation of impairment losses

The Group estimates impairment loss of receivables by measuring the lifetime expected credit losses. Credit loss is determined as the present value of differences between contractual cash flow that is due to the Group under contracts (book value) and cash flow the Group expects to receive (after evaluating forward-looking information), but considering that the effect of discounting is insignificant for short-term receivables, credit loss is measured using the undiscounted differences. Significant impairment losses may arise if actual cash flow is less than expectation in the future. See Note (VI) for details.

(6) Income tax

Uncertainty of income tax lies in the interpretation of complex tax laws and the amount and timing of future taxable income. Due to the wide range of international business relationships and the long-term nature and complexity of contracts, differences between the actual outcome and the assumptions made previously or future changes to such assumption may necessitate future adjustments to income tax benefits and expenses already recognized. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of provision is recognized after taking into account different factors such as: past tax audit experience and the different interpretations of tax law between the subject of tax and the applicable tax authority. Differences in interpretation may give rise to various issues depending on where the Group is located.

Unused tax losses and tax credits carried into subsequent periods and deductible temporary differences are recognized as deferred income tax assets to the extent that the entity is very likely to earn taxable income to offset against. The amount of deferred income tax assets recognizable is determined based on the timing and level of future taxable income and taxable temporary differences, as well as future tax plans and strategies. See Note (VI) for details of deferred income tax assets that the Group had not recognized as at December 31, 2023.

(All amounts in NTD thousands unless otherwise specified)

(VI). Notes to Major Accounts

1. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	$195	$196
Demand and check deposit	1,654,890	1,300,263
Time deposit	179,273	234,165
Total	$1,834,358	$1,534,624

2. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Investments in equity instruments at fair value through other comprehensive income - non-current:		
TWSE/TPEX listed shares	$118,202	$86,164
Unlisted shares	44,752	35,502
Total	$162,954	$121,666

(1) The Group acquired 2,000 thousand shares of Ausenior Information Co., Ltd., an unlisted company, in the first quarter of 2022 at a cost of NT$26,000 thousand.

(2) The Group acquired 4 thousand shares of stock dividend from retained earnings of Genesis Technology Inc., a TPEX-listed company, in the third quarter of 2022.

(3) The Group acquired 1 thousand shares of stock dividend from retained earnings of Dimerco Data System Corporation, a TPEX-listed company, in the fourth quarter of 2022.

(4) LOLA Technology Inc. held by The Group reduced its capital, at a ratio of 45.593%, and refunded a sum of NT$6,611 thousand on December 6, 2022.

(5) The Group acquired 800 thousand shares of Azalea Technology Inc., an unlisted company, in the first quarter of 2023, at a cost of NT$8,000 thousand.

(6) Considering the investment strategy, in the first quarter of 2023, the Group decided to sell the shares of Dimerco Data System Corporation, a TPEX listed company, which was previously classified as investments in equity instruments at fair value through

(All amounts in NTD thousands unless otherwise specified)

other comprehensive income. The disposal proceeds amounted to NT$2,720 thousand. Additionally, the accumulated unrealized gains of NT$1,183 thousand at the time of disposal was reclassified from other equity to retained earnings.

(7) The Group recognized NT$9,700 thousand and NT$10,560 thousand of dividend income in 2023 and 2022, respectively from investments in equity instruments at fair value through other comprehensive income held by the Group. This income is related to investments still held on the balance sheet.

(8) None of the Group's financial assets at fair value through other comprehensive income was placed as collateral.

3. Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable - arising from operating activities	$11,368	$10,342
Less: loss provisions	-	-
Net amount	$11,368	$10,342

None of the Group's notes receivable was placed as collateral.

The Group assesses impairment according to IFRS 9. Please see Note (VI).15 for information on loss provisions and Note (XII) for credit risk-related information.

4. Accounts receivable and installment accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$572,609	$517,973
Installment accounts receivable	70,661	122,010
Less: unrealized interest income - installment accounts receivable	(3,835)	(5,247)
Subtotal (total book value)	639,435	634,736
Less: loss provisions	(6,006)	(4,801)
Total	$633,429	$629,935

Expected recovery of installment accounts receivable is as follows:

(All amounts in NTD thousands unless otherwise specified)

	December 31, 2023	December 31, 2022
No more than 1 year	$49,899	$82,403
1 to 2 years	10,910	30,592
2 years and above	9,852	9,015
Total	$70,661	$122,010

None of the Group's accounts receivable was placed as collateral. Credit terms granted to customers are generally 30 days to 120 days after the end of the month of acceptance inspection.

The Group had accounts receivable and installment accounts receivable balance outstanding at NT$639,435 thousand and NT$634,736 thousand as at December 31, 2023 and 2022, respectively. See Note (VI).15 for information on loss provisions and Note (XII) for credit risk-related information.

5. Inventories

	December 31, 2023	December 31, 2022
Net inventory - merchandise	$2,282,771	$2,530,729

Cost of inventory, consultation, and maintenance recognized as expenses for the years ended December 31, 2023 and 2022 were NT$5,484,495 thousand and NT$4,994,017 thousand respectively. These amounts included NT$598 thousand and NT$1,227 thousand of loss on inventory devaluation and obsolescence for the years ended December 31, 2023 and 2022, respectively. As at December 31, 2023 and 2022, the Group had provisions on inventory devaluation outstanding at NT$5,715 thousand and NT$5,117 thousand, respectively.

None of the above inventory was pledged as collateral.

6. Prepayments

	December 31, 2023	December 31, 2022
Prepaid purchases	$650,495	$586,943
Prepayments for investments	-	8,000
Other prepaid expenses	71,297	68,698
Total	$721,792	$663,641

7. Property, plant and equipment

	December 31, 2023	December 31, 2022
Owner-occupied property, plant and equipment	$495,515	$440,151

(All amounts in NTD thousands unless otherwise specified)

	Land	Buildings	Transportation equipment	Office equipment	Lease improvements	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:								
January 1, 2023	$291,892	$203,110	$6,980	$36,226	$8,059	$578	$-	$546,845
Additions	-	3,353	79	1,749	3,114	-	57,200	65,495
Disposals	-	(6,152)	(1,981)	(5,835)	-	(209)	-	(14,177)
Reclassification	-	-	-	8,237	-	-	-	8,237
Effects of exchange rate changes	-	-	(33)	(5)	-	-	-	(38)
December 31, 2023	$291,892	$200,311	$5,045	$40,372	$11,173	$369	$57,200	$606,362
January 1, 2022	$291,892	$202,009	$6,813	$43,891	$5,830	$578	$-	$551,013
Additions	-	1,287	81	5,416	2,229	-	-	9,013
Disposals	-	(186)	-	(14,609)	-	-	-	(14,795)
Reclassification	-	-	-	1,524	-	·	-	1,524
Effects of exchange rate changes	-	-	86	4	-	·	-	90
December 31, 2022	$291,892	$203,110	$6,980	$36,226	$8,059	$578	$-	$546,845
Depreciation and impairment:								
January 1, 2023	$-	$78,976	$4,073	$18,879	$4,317	$449	$-	$106,694
Depreciation	-	5,525	575	9,038	1,666	105	-	16,909
Disposals	-	(6,152)	(523)	(5,835)	-	(209)	-	(12,719)
Effects of exchange rate changes	-	-	(32)	(5)	-	-	-	(37)
December 31, 2023	$-	$78,349	$4,093	$22,077	$5,983	$345	$-	$110,847
January 1, 2022	$-	$73,762	$3,208	$24,360	$3,135	$310	$-	$104,775
Depreciation	-	5,400	779	9,125	1,182	139	-	16,625
Disposals	-	(186)	-	(14,609)	-	-	-	(14,795)
Effects of exchange rate changes	-	-	86	3	-	-	-	89
December 31, 2022	$-	$78,976	$4,073	$18,879	$4,317	$449	$-	$106,694
Net book value:								
December 31, 2023	$291,892	$121,962	$952	$18,295	$5,190	$24	$57,200	$495,515
December 31, 2022	$291,892	$124,134	$2,907	$17,347	$3,742	$129	$-	$440,151

(All amounts in NTD thousands unless otherwise specified)

The Group did not capitalize any interest for the years ended December 31, 2023 and 2022.

Major components of buildings include: main structure, air conditioning, and renovation, which are depreciated over useful lives of 51~56 years, 6 years, and 6 years, respectively.

None of the above property, plant and equipment was pledged as collateral.

8. Intangible asset

	Computer software
Cost:	
January 1, 2023	$8,753
Addition - acquisition by separate purchase	1,341
Addition - internal transfer	-
Reduction - removal in the current period	(4,431)
December 31, 2023	$5,663
January 1, 2022	$16,887
Addition - acquisition by separate purchase	1,845
Addition - internal transfer	-
Reduction - removal in the current period	(9,979)
December 31, 2022	$8,753
Amortization and impairment:	
January 1, 2023	$5,842
Reduction - removal in the current period	(4,431)
Amortization	2,824
December 31, 2023	$4,235
January 1, 2022	$8,889
Reduction - removal in the current period	(9,979)
Amortization	6,932
December 31, 2022	$5,842
Net book value:	
December 31, 2023	$1,428
December 31, 2022	$2,911

(All amounts in NTD thousands unless otherwise specified)

Amortization amount of intangible assets:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Administrative expenses	$2,824	$6,931
Research and development expenses	$-	$1

9. Other non-current assets

	December 31, 2023	December 31, 2022
Other non-current assets - others	$4,048	$1,678

10. Short-term loans

	December 31, 2023	December 31, 2022
Unsecured bank loans	$-	$150,000
Interest rate range	-%	1.65%~1.875%

The Group had undrawn short-term credit facilities of NT$2,622,228 thousand and NT$2,080,613 thousand as at December 31, 2023 and 2022, respectively.

11. Provisions

	Warranty	
	For the year ended December 31, 2023	For the year ended December 31, 2022
Beginning of period	$7,427	$14,720
Additions in the current period	15,392	15,458
Utilization in the current period	(6,921)	(8,804)
Reversals in the current period	(5,153)	(13,947)
End of the period	$10,745	$7,427

Warranty

This provision was made by estimating future product warranty claims, which involved use of historical experience, the management's judgment and other known factors.

12. Post-employment benefit plans

Defined Contribution Plans

The retirement policy that the Company and domestic subsidiaries have established in accordance with the "Labor Pension Act" introduces a defined contribution plan. According to the Labor Pension Act, the Company and domestic subsidiaries are required to make monthly pension fund contributions at an amount no less than 6% of employee's monthly salary. The Company and domestic subsidiaries have established a set of employee retirement policy according to the Labor Pension Act, and has been making monthly contributions to employees' pension fund accounts held with the Bureau of Labor Insurance at 6% of salary.

Subsidiaries located in Mainland China are bound to comply with local government regulations by making contributions equal to a certain percentage of employees' gross salary to the pension fund. These contributions are paid to relevant government departments, and are saved in dedicated accounts of each employee.

Other foreign subsidiaries of the Group are bound to make pension contributions to the appropriate pension fund management institution in accordance with local laws.

The amounts of recognized pension expenses related to defined contribution plan for the years ended December 31, 2023 and 2022 were NT$30,010 thousand and NT$28,244 thousand respectively.

Defined Benefit Plans

The pension policy that the Company and domestic subsidiaries have established in accordance with the "Labor Standards Act" introduces a defined benefit plan. Employees' pension benefits were paid based on their years of service and their average salaries during the one month when retirement is approved. Employees are awarded 2 pension basis points for every year of service under (including) 15 years, and 1 pension basis point for every year of service above 15 years, subject to a maximum of 45 pension basis points. The Company and domestic subsidiaries make monthly pension contributions equivalent to 2% of employees' monthly gross salaries in accordance with the Labor Standards Act. These contributions are deposited into the dedicated account held with the Bank of Taiwan in the name of Labor Pension Fund Supervisory Committee. The Company and subsidiaries also evaluate the balance of the above-mentioned labor pension fund account before the end of each year. In the event that the account is estimated to be short of balance to pay the amount of estimated pension benefits to workers who are expected to meet their retirement criteria in the following year, the Company and domestic subsidiaries are required to reimburse the shortfall in one contribution before the end of March the following year.

(All amounts in NTD thousands unless otherwise specified)

Assets are allocated according to Ministry of Labor's Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. Fund assets are managed through a combination of self-management and mandate, using both active and passive medium-to-longer term investment strategies. The Ministry of Labor has imposed risk limits and control measures on market, credit, and liquidity risks, so that fund assets are not exposed to excessive risk while being given the flexibility to achieve target returns. Plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks. Shortfalls may be reimbursed by the public treasury subject to approval of the authority. Since the Company is not involved in the operation and management of the fund, it is unable to disclose the fair value of plan assets according to IAS 19 Section 142.

As at December 31, 2023, the Group expected to make contributions totaling NT$3,170 thousand to the defined benefit plan in the next year.

As at December 31, 2023 and 2022, weighted average duration of the Group's defined benefit obligations was 4 years and 5 years, respectively.

A breakdown of defined benefit plan costs recognized in profit or loss is explained in the chart below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Service costs for the current period	$3,192	$2,884
Net interest on net defined benefit liabilities (assets)	309	232
Total	$3,501	$3,116

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligations	$161,153	$155,339	$159,873
Fair value of plan assets	(136,593)	(128,891)	(125,636)
Net defined benefit liabilities - non-current	$24,560	$26,448	$34,237

(All amounts in NTD thousands unless otherwise specified)

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	$159,873	$(125,636)	$34,237
Service costs for the current period	2,884	-	2,884
Interest expense (income)	1,087	(855)	232
Subtotal	163,844	(126,491)	37,353
Remeasurement of defined benefit liabilities (assets):			
Actuarial gains or losses due to change of financial assumption	(4,079)	-	(4,079)
Adjustment based on past experience	5,309	(5,826)	(517)
Subtotal	1,230	(5,826)	(4,596)
Benefits paid	(9,735)	9,735	-
Employer's contribution	-	(6,309)	(6,309)
December 31, 2022	155,339	(128,891)	26,448
Service costs for the current period	3,192	-	3,192
Interest expense (income)	1,817	(1,508)	309
Subtotal	160,348	(130,399)	29,949
Remeasurement of defined benefit liabilities (assets):			
Actuarial gains or losses due to change of financial assumption	399	-	399
Adjustment based on past experience	406	(217)	189
Subtotal	805	(217)	588
Employer's contribution	-	(5,977)	(5,977)
December 31, 2023	$161,153	$(136,593)	$24,560

(All amounts in NTD thousands unless otherwise specified)

Below are the main assumptions used for the Company's defined benefit plan:

	December 31, 2023	December 31, 2022
Discount rate	1.14%	1.17%
Expected salary increase rate	1.00%	1.00%

Sensitivity analysis per major actuarial assumption:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Increase in defined benefit obligations	Decrease in defined benefit obligations	Increase in defined benefit obligations	Decrease in defined benefit obligations
0.5% increase in the discount rate	$-	$3,264	$-	$3,777
0.5% decrease in the discount rate	3,691	-	4,197	-
0.5% rise in the expected salary increase rate	3,671	-	4,177	-
0.5% fall in the expected salary increase rate	-	3,283	-	3,801

The above-mentioned sensitivity analysis shows how reasonable changes in a single actuarial estimate (e.g.: discount rate or expected salary) may affect defined benefit obligations while other assumptions remain unchanged. However, there are limitations to this approach, as some actuarial assumptions are intercorrelated and it is rare to see only one actuarial assumption change in practice.

Methodology and assumption for sensitivity analysis of current period are consistent with those of the previous period.

(All amounts in NTD thousands unless otherwise specified)

13. Equity

(1) Ordinary share

The Company had authorized capital of NT$3,400,000 thousand (20,000 thousand shares of which were reserved for the exercise of employee warrants) as at December 31, 2023 and 2022. Each share carries a face value of NT$10 and can be issued in multiple offerings. Paid-up capital amounted to NT$1,063,603 thousand and outstanding shares totaled 106,360 thousand on all dates. Each share is entitled to one voting right and the right to receive dividends.

(2) Capital surplus

	December 31, 2023	December 31, 2022
Premium on consolidation	$148,259	$148,259
Premium on conversion of convertible bonds	18,255	18,255
Total	$166,514	$166,514

According to regulations, capital surplus cannot be used for any purpose other than reimbursing previous losses. If the Company has no cumulative losses, capital surpluses that arise from shares issued at premium and gifts received may be capitalized into share capital, up to a certain percentage of paid-in capital per year; these capital surpluses may also be distributed in cash among shareholders at the current ownership percentage.

(3) Earnings appropriation and dividend policy

According to the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve (unless legal reserves have accumulated to an amount equal to share capital). Any surpluses remaining shall then be subject to provision or reversal of special reserve, as the laws may require. The residual balance can then be added to unappropriated earnings carried from previous years and retained or distributed to shareholders as a form of profit sharing, subject to resolution in a shareholder meeting.

Shareholders' profit sharing can be paid in cash or shares; however, the cash portion shall be no less than 10% of total dividends.

(All amounts in NTD thousands unless otherwise specified)

The Company operates in the high-tech industry and is susceptible to the industry's enterprise life cycle. Dividends shall be allocated after taking into consideration several factors including: current and future investment environment, capital requirement, domestic/foreign competition, capital budget, shareholders' expectations, balanced dividends, and the Company's long-term financial plan. Dividend distribution plans are to be proposed by the board of directors and presented for final resolution in shareholder meeting on a yearly basis.

The Company will be required to provide additional special reserves to make up for the shortfall between the balance of special reserves provided during the first-time adoption of IFRS and the net balance of other contra equity items in years it decides to distribute available earnings. If there is any subsequent reversal of the net decrease in other equity, the reversed part of the net decrease in other equity may be reversed to the special reserve, and be distributed to investors.

In accordance with the order via a letter issued by the FSC on March 31, 2021 referenced Jin-Guan-Zheng-Fa No. 1090150022, if the International Financial Reporting Standards is adopted for the first time, for the unrealized revaluation value addition and cumulative translation adjustment (benefit) in the account which are transferred to retained earnings due to the adoption of the exemption item of IFRS 1 "First Adoption of IFRS" on the conversion date, a special reserve shall be allocated. Subsequently, when the Company uses, disposes of, or reclassifies the relevant assets, it may reverse the proportion of the original special reserve for distribution of earnings.

As at December 31, 2023, the Company had NT$144 thousand of special reserve that were provided due to first-time adoption of IFRS.

The Company's 2023 and 2022 earnings appropriation proposal and dividends per share were proposed and resolved during the board of directors meeting held on February 29, 2024 and annual general meeting held on May 29, 2023, respectively. Details are as presented below:

	Earnings appropriation plan		Dividends per share (NTD)	
	2023	2022	2023	2022
Legal reserve	$78,395	$73,885		
Cash dividends on ordinary shares	706,232	665,815	$6.64	$6.26

(All amounts in NTD thousands unless otherwise specified)

Please refer to Note (VI).17 for the amount of employee remuneration and director remuneration recognized and the basis of estimation.

(4) Non-controlling interests: None.

14. Operating revenue

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenues from sale of merchandise	$4,835,586	$4,565,440
Revenues from rendering of service	2,427,738	2,155,573
Other operating revenues	7,538	7,982
Total	$7,270,862	$6,728,995

Information relating to revenue from contracts with customers for the years ended December 31, 2023 and 2022:

(1) Breakdown of revenue

	Operating segment	
	For the year ended December 31, 2023	For the year ended December 31, 2022
Sales of merchandise	$4,835,586	$4,565,440
Rendering of service	2,427,738	2,155,573
Others	7,538	7,982
Total	$7,270,862	$6,728,995
Timing of revenue recognition:		
At a point in time	$4,843,124	$4,573,422
Over time	2,427,738	2,155,573
Total	$7,270,862	$6,728,995

(2) Contract balance

A. Contract assets – current

(All amounts in NTD thousands unless otherwise specified)

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of merchandise and rendering of service	$222,372	$252,812	$215,639
Less: loss provisions	(1,701)	(3,859)	(11,248)
Total	$220,671	$248,953	$204,391

Major changes in the balance of contract assets for the years ended December 31, 2023 and 2022 are explained below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Amount of beginning balance reclassified into accounts receivable in the current period	$(243,440)	$(196,981)
Changes were measured based on level of completion	$213,001	$234,154

The Group assesses impairment according to IFRS 9. Please see Note (VI).15 for information on loss provisions and Note (XII) for credit risk-related information.

B. Contract liabilities – current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of merchandise and rendering of service	$1,659,643	$1,492,594	$1,173,794

Major changes in the balance of contract liabilities for the years ended December 31, 2023 and 2022 are explained below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Amount of beginning balance reclassified into revenue in the current period	$(1,193,560)	$(930,476)
Current increase in advanced receipt (less amounts incurred and reclassified into revenue in the current period)	$1,360,609	$1,249,276

(All amounts in NTD thousands unless otherwise specified)

(3) Allocation of transaction price into unfulfilled contractual obligations

As at December 31, 2023, the Group had allocated NT$5,624,348 thousand of transaction price into unfulfilled (including partially unfulfilled) contractual obligations; 86.45% of which are expected to be recognized as revenue in 2024, whereas the remainder will be recognized as revenue on and after 2025.

(4) Assets recognized from costs of acquiring and fulfilling customer contracts

None.

15. Expected credit impairment reversal gain

	For the year ended December 31, 2023	For the year ended December 31, 2022
Expected credit impairment (loss) reversal gain		
Contract assets	$(72)	$105
Accounts receivable	1,021	2,114
Installment accounts receivable	-	1,045
Total	$949	$3,264

Please see Note (XII) for credit risk-related information.

All of the Group's contract assets and receivables (including notes receivable, accounts receivable, and installment accounts receivable) have loss provisions measured based on Lifetime Expected Credit Losses. Credit loss is recognized as the difference between the book value of contract assets/accounts receivable and the present value of expected cash flow (prospective information). For short-term receivables, however, credit loss is not measured using present value difference as the effect of discounting is insignificant. Loss provisions as at December 31, 2023 and 2022 are explained below:

Contract assets and accounts receivables are divided into groups based on counterparties' credit rating, location, and industry, and a provision matrix is used to measure loss provisions. Relevant details are presented below:

(All amounts in NTD thousands unless otherwise specified)

December 31, 2023

Group 1	Not past due (Note 1)	Past due Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$744,643	$62,697	$31,150	$17,186	$3,259	$12,852	$871,787
Loss ratio	0.7%	0.6%	0.6%	0.6%	0.6%	1.2%	
Lifetime expected credit losses	(5,519)	(353)	(177)	(98)	(20)	(152)	(6,319)
Net amount	$739,124	$62,344	$30,973	$17,088	$3,239	$12,700	$865,468

Group 2 (Note 2)	Not past due (Note 1)	Past due Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$-	$-	$-	$-	$-	$1,388	$1,388
Loss ratio	-	-	-	-	-	100%	
Lifetime expected credit losses	-	-	-	-	-	(1,388)	(1,388)
Net amount	$-	$-	$-	$-	$-	$-	$-

December 31, 2022

Group 1	Not past due (Note 1)	Past due Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$786,226	$59,052	$31,241	$2,950	$3,978	$13,055	$896,502
Loss ratio	0.8%	0.6%	0.5%	1.1%	0.6%	1.5%	
Lifetime expected credit losses	(6,523)	(344)	(157)	(31)	(25)	(192)	(7,272)
Net amount	$779,703	$58,708	$31,084	$2,919	$3,953	$12,863	$889,230

(All amounts in NTD thousands unless otherwise specified)

Group 2 (Note 2)	Not past due (Note 1)	Past due					Total
		Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	
Total book value	$-	$-	$-	$-	$-	$1,388	$1,388
Loss ratio	-	-	-	-	-	100%	
Lifetime expected credit losses	-	-	-	-	-	(1,388)	(1,388)
Net amount	$-	$-	$-	$-	$-	$-	$-

Note 1: All notes receivable and contract assets are not past due; loss provisions are measured based on Lifetime expected credit losses.

Note 2: The Group measures loss provision for individual counterparties based on Lifetime Expected Credit Losses. Credit loss is recognized as the difference between the book value of contract assets/accounts receivable and the present value of expected cash flow.

(All amounts in NTD thousands unless otherwise specified)

Changes in loss provisions on contract assets, accounts receivable, and installment accounts receivable for the years ended December 31, 2023 and 2022 are explained below:

	Contract assets	Accounts receivable	Installment accounts receivable
January 1, 2023	$3,859	$4,801	$-
Net reversals for the current period	72	(1,021)	-
Reclassification	(2,231)	2,231	-
Actual write-offs	-	-	-
Effect of exchange rate changes	1	(5)	-
December 31, 2023	$1,701	$6,006	$-
January 1, 2022	$11,248	$8,163	$8,094
Net reversals for the current period	(105)	(2,114)	(1,045)
Reclassification	(132)	132	-
Actual write-offs	(7,152)	(1,384)	(7,049)
Effect of exchange rate changes	-	4	-
December 31, 2022	$3,859	$4,801	$-

16. Lease

(1) The Group as lessee

The Group leases several types of asset, including buildings, transportation equipment, and office equipment. Lease tenor of each contract is from 1 to 10 years.

Effects of leases on the Group's financial position, financial performance, and cash flow are explained below:

A. Amounts recognized in the balance sheet

(All amounts in NTD thousands unless otherwise specified)

(a) Right-of-use assets

Book value of right-of-use assets

	December 31, 2023	December 31, 2022
Buildings	$11,199	$12,449
Transportation equipment	16,567	12,434
Office equipment	1,179	1,135
Total	$28,945	$26,018

Right-of-use assets increased by NT$21,806 thousand and NT$16,734 thousand for the years ended December 31, 2023 and 2022, respectively.

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	$29,271	$26,370
Current	$14,112	$10,456
Non - current	15,159	15,914
Total	$29,271	$26,370

Please see Note (VI).18(4) - Financial cost for interest on lease liabilities for the years ended December 31, 2023 and 2022, and Note (XII).5 - Liquidity risk management for maturity analysis of lease liabilities as at December 31, 2023.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	For the year ended December 31, 2023	For the year ended December 31, 2022
Buildings	$10,805	$9,755
Transportation equipment	7,302	4,041
Office equipment	741	751
Total	$18,848	$14,547

(All amounts in NTD thousands unless otherwise specified)

C. Income, expenses, and losses relating to lease activities as a lessee

	For the year ended December 31, 2023	For the year ended December 31, 2022
Short-term lease expense	$3,804	$4,059

D. Cash outflow relating to lease activities as a lessee

The Group incurred NT$23,296 thousand and NT$19,418 thousand of lease-related cash outflow for the years ended December 31, 2023 and 2022.

17. Summary of employee benefit, depreciation, and amortization expenses by function:

By function / By nature	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses	$89,256	$752,022	$841,278	$87,676	$770,354	$858,030
Wages and salaries	75,967	647,021	722,988	75,496	678,444	753,940
Labor and national health insurance expenses	7,025	52,484	59,509	6,392	49,287	55,679
Pension expenses	3,926	29,586	33,512	3,836	27,524	31,360
Other employee benefit expenses	2,338	22,931	25,269	1,952	15,099	17,051
Depreciation expenses	-	35,757	35,757	-	31,172	31,172
Amortization expenses	-	2,824	2,824	-	6,932	6,932

Pursuant to the Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 3% and director remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses if any. Distribution of employee remuneration mentioned above can be made in cash or in shares. This decision must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of all attending directors, and subsequently reported in shareholder meeting. Please visit the "Market Observation Post System" for more information regarding employee/director remuneration resolved in board of director meetings.

(All amounts in NTD thousands unless otherwise specified)

Employee remuneration and director remuneration for the year ended December 31, 2023 were estimated at NT$67,000 thousand and NT$5,500 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation. Employee remuneration and director/supervisor remuneration for the year ended December 31, 2022 were estimated at NT$67,000 thousand and NT$3,300 thousand, respectively, based on profitability of that particular year. The abovementioned amounts were presented under salary expense at the time of estimation, and if the actual amount resolved by the board of directors differs from the estimate, the difference will be recognized as gain or loss for the next year.

The board of directors passed a resolution on February 29, 2024 to pay the 2023 employee remuneration and director remuneration at NT$67,000 thousand and NT$5,500 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2023 financial statements.

The board of directors passed a resolution on February 23, 2023 to pay the 2022 employee remuneration and director/supervisor remuneration at NT$67,000 thousand and NT$3,300 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2022 financial statements.

18. Non-operating income and expenses

(1) Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Financial assets at amortized costs	$16,619	$13,382

(2) Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Rental income	$11	$11
Dividend income	9,700	10,560
Other income - others	83,617	52,878
Total	$93,328	$63,449

(All amounts in NTD thousands unless otherwise specified)

(3) Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Gains on disposals of property, plant and equipment	$18	$-
Net gains on currency exchange	200	29,381
Others	1,198	1,200
Total	$1,416	$30,581

(4) Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest expenses on bank loans	$1,879	$1,195
Interest expenses on lease liabilities	618	519
Total	$2,497	$1,714

(All amounts in NTD thousands unless otherwise specified)

19. Composition of other comprehensive income

Composition of other comprehensive income for the year ended December 31, 2023 is explained below:

	Arising in the current period	Reclassification in the current period	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items not reclassified into profit or loss:					
Remeasurement of defined benefit plan	$(586)	$-	$(586)	$117	$(469)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	4,427	-	4,427	-	4,427
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	30,331	-	30,331	-	30,331
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	(7,091)	-	(7,091)	-	(7,091)
Total other comprehensive income (loss) for the current period	$27,081	$-	$27,081	$117	$27,198

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the year ended December 31, 2022 is explained below:

	Arising in the current period	Reclassification in the current period	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items not reclassified into profit or loss:					
Remeasurement of defined benefit plan	$4,596	$-	$4,596	$(919)	$3,677
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(25,180)	-	(25,180)	-	(25,180)
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	(16,756)	-	(16,756)	-	(16,756)
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	6,287	-	6,287	-	6,287
Total other comprehensive income for the current period	$(31,053)	$-	$(31,053)	$(919)	$(31,972)

(All amounts in NTD thousands unless otherwise specified)

20. Income tax

Compositions of income tax expenses (benefits) for the years ended December 31, 2023 and 2022, are explained below:

Income tax recognized under profit or loss

	For the year ended December 31, 2023	For the year ended December 31, 2022
Income tax expenses (benefits) for the current period:		
Current income tax payable	$230,953	$176,722
Adjustment of current income tax of previous years	(22,462)	(11,658)
Deferred income tax expenses (benefits):		
Deferred income tax expenses (benefits) relating to the origination and reversal of temporary differences	(19,250)	9,075
Others	65	-
Income tax expenses	$189,306	$174,139

Income tax recognized under other comprehensive income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Deferred income tax expense:		
Remeasurement of defined benefit plan	$117	$(919)

(All amounts in NTD thousands unless otherwise specified)

Reconciliation of income tax expense and the amount of accounting income multiplied with applicable income tax rate:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Income before income tax from continuing operations	$972,547	$909,310
Tax amount calculated by applying the domestic statutory tax rate of related countries	$237,659	$219,565
Tax effects of non-deductible expenses	(30,042)	(34,575)
Tax effects of deferred income tax assets/liabilities	4,086	807
Adjustment of current income tax of previous years	(22,462)	(11,658)
Others	65	-
Total income tax expense recognized under profit or loss	$189,306	$174,139

(All amounts in NTD thousands unless otherwise specified)

Balance of deferred income tax assets (liabilities) relating to the items below:

For the year ended December 31, 2023

	Beginning of period	Recognized under profit or loss	Recognized under other comprehensive income	End of period
Temporary difference				
Investments accounted for using equity method	$(60,098)	$24,008	$-	$(36,090)
Employee benefits payable	4,362	244	-	4,606
Net defined benefit liabilities - non-current	5,290	(495)	117	4,912
Unrealized (gains) losses on currency exchange	1,775	(1,837)	-	(62)
Excess allowance for doubtful accounts	3,355	(3,355)	-	-
Provisions	1,022	685	-	1,707
Deferred income tax (expense) benefit		$19,250	$117	
Net deferred income tax assets (liabilities)	$(44,294)			$(24,927)
Information presented under the balance sheet:				
Deferred income tax assets	$15,804			$11,225
Deferred income tax liabilities	$(60,098)			$(36,152)

(All amounts in NTD thousands unless otherwise specified)

For the year ended December 31, 2022

	Beginning of period	Recognized under profit or loss	Recognized under other comprehensive income	End of period
Temporary difference				
Investments accounted for using equity method	$(51,797)	$(8,301)	$-	$(60,098)
Employee benefits payable	4,279	83	-	4,362
Net defined benefit liabilities - non-current	6,847	(638)	(919)	5,290
Unrealized losses on currency exchange	127	1,648	-	1,775
Excess allowance for doubtful accounts	3,860	(505)	-	3,355
Provisions	2,384	(1,362)	-	1,022
Deferred income tax (expense) benefit		$(9,075)	$(919)	
Net deferred income tax assets (liabilities)	$(34,300)			$(44,294)
Information presented under the balance sheet:				
Deferred income tax assets	$17,497			$15,804
Deferred income tax liabilities	$(51,797)			$(60,098)

Unused tax loss carryforward by Group entities:

	Unused balance		
Year occurred	December 31, 2023	December 31, 2022	Final year available
2015	$120	$120	2025

Items not recognized as deferred income tax asset

As at December 31, 2023 and 2022, the Group had NT$4,299 thousand and NT$3,508 thousand, respectively, that were not recognized as deferred income tax assets.

Assessment of income tax return

Assessment of income tax filings submitted by the Company and domestic subsidiaries as at December 31, 2023 is explained below:

	Assessment of income tax return
The Company	Certified up to 2021
Subsidiary - SRAIN Investment Co., Ltd.	Certified up to 2021
Subsidiary - Stark Inforcom Inc.	Certified up to 2021

21. Earnings per share (EPS)

Amount of basic earnings per share is calculated by dividing current net income attributable to parent company's ordinary shareholders by weighted average outstanding ordinary shares for the current period.

Amount of diluted earnings per share is calculated by dividing current net income attributable to parent company's ordinary shareholders by weighted average outstanding ordinary shares for the current period, including all potential dilutive ordinary shares assuming total conversion.

	For the year ended December 31, 2023	For the year ended December 31, 2022
(1) Basic earnings per share		
Net income attributable to parent company's ordinary shareholders (NTD thousands)	$783,241	$735,171
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291
Basic earnings per share (NTD)	$7.36	$6.91
(2) Diluted earnings per share		
Net income attributable to parent company's ordinary shareholders (NTD thousands)	$783,241	$735,171
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291

(All amounts in NTD thousands unless otherwise specified)

Dilutive effect:		
Employee remuneration (shares)	673,742	851,211
Weighted average outstanding ordinary shares after adjustment for dilutive effect (shares)	107,034,033	107,211,502
Diluted earnings per share (NTD)	$7.32	$6.86

There had been no other transaction that significantly changed the end of period number of outstanding ordinary shares or potential ordinary shares after the reporting date up until the publication date of financial statements.

(VII). Related party transactions

Compensation for key management of the Group

	For the year ended December 31, 2023	For the year ended December 31, 2022
Short-term employee benefits	$115,982	$92,144
Post-employment benefits - pension	2,848	8,233
Total	$118,830	$100,377

(VIII). Pledged assets

The Group had placed the following assets as collaterals:

	Book value		
Item	December 31, 2023	December 31, 2022	Details of debts secured
Other financial assets - current	$10,421	$15,372	Performance guarantee
Other financial assets - non-current	8,507	4,796	Performance guarantee
Total	$18,928	$20,168	

(IX). Significant contingent liabilities and unrecognized contract commitments

Unrecognized contract commitments

1. The Company had engaged financial institutions to provide NT$127,772 thousand of performance and customs guarantee for various projects.

2. The Company had issued NT$14,535 thousand of guaranteed notes to customers and banks to secure sales and borrowing limits.

Contingency

1. The company received a criminal incidental civil lawsuit complaint related to the criminal case of the company's employees violating the Securities and Exchange Act, filed by the Taiwan Taipei District Court. FUJIFILM Business Innovation Taiwan Co., Ltd. (hereinafter referred to as Fujifilm) filed a criminal incidental civil lawsuit against other companies, individuals, the Company and the Company's vice president surnamed Gao, a total of 15 defendants, requesting if one of the 15 defendants pays all or part of the damages, the other defendants are exempted from the obligation to pay within the scope of the payment.

   For the above-mentioned criminal incidental civil lawsuit filed by Fujifilm against the Company, this is a civil lawsuit incidental to a criminal case. Typically, it will be transferred to the civil court after the first-instance criminal judgment, and there will be no civil procedure for the time being.

2. The Company received a complaint of civil lawsuit filed by the Taiwan Taipei District Court. Fujifilm filed a civil lawsuit against other companies, individuals, the Company and the Company's vice president surnamed Gao, a total of 18 defendants, requesting if one of the 18 defendants pays all or part of the damages, the other defendants are exempted from the obligation to pay within the scope of the payment. On November 27, 2023, both parties agreed in court to suspend the litigation proceedings. From the agreed suspension date, if no further legal action is taken within four months, it will be considered as withdrawal of the lawsuit or appeal.

   For the above-mentioned civil lawsuit filed by Fujifilm against the Company, the Company had appointed a lawyer to handle it.

As at December 31, 2023, the Company has assessed that the aforementioned events will not have a significant impact on the Company's current operations.

(All amounts in NTD thousands unless otherwise specified)

(X). Losses from Major Disasters

None.

(XI). Significant Subsequent Events

None.

(XII). Others

1. Types of financial instrument

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through other comprehensive income	$162,954	$121,666
Financial assets at amortized costs		
Cash and cash equivalents (excluding cash on hand)	1,834,163	1,534,428
Receivables	634,769	607,285
Long-term receivables	19,140	37,711
Other financial assets	18,928	20,168
Refundable deposits	229,595	255,462
Subtotal	2,736,595	2,455,054
Total	$2,899,549	$2,576,720
Financial liabilities		
Financial liabilities at amortized costs:		
Short-term loans	$-	$150,000
Payables	1,372,107	1,360,498
Lease liabilities	29,271	26,370
Guarantee deposits	7,426	5,983
Total	$1,408,804	$1,542,851

2. Purpose and policy of financial risk management

The Group has set its financial risk management goals to primarily manage market risks, credit risks, and liquidity risks relating to operating activities. The abovementioned risks are identified, measured, and managed according to the Group's policies and risk preference.
The Group has implemented appropriate policies, procedures, and internal controls for the management of financial risks mentioned above. All important financial activities are subject to review by the board of directors and audit committee in accordance with rules and the internal control system. The Group is required to duly comply with its financial risk management rules when carrying out financial management activities.

3. Market risk

Changes in the market price of financial instruments is the type of market risk that the Group is most concerned with. Market risk may cause fluctuation in the fair value or cash flow of financial instruments, and mainly includes exchange rate risk, interest rate risk, and other price risk.

In practice, however, it is extremely rare to see only one risk variable changing at one time. Although risk variables tend to be correlated to some degree, the sensitivity analysis below has not taken into consideration the inter-correlation of risk variables.

Exchange rate risk

The Group’s exchange rate risk exposure is mainly associated with operating activities (when the currency of income or expense is different from the Group’s functional currency) and net investments in foreign operations.

Some of the Group's foreign currency receivables and foreign currency payables are denominated in the same currencies, which create natural hedge to some extent. However, the Group did not adopt hedge accounting as natural hedge does not conform with the requirements for hedge accounting. Meanwhile, net investments in foreign operations represent strategic investments, therefore the Group did not hedge this exposure.

Sensitivity analysis for exchange rate risk is conducted on monetary items denominated in key foreign currencies as at the balance sheet date, and the analysis evaluates how a strengthening/weakening of foreign currency affects the Group's profits and equity.

Exchange rate risks of the Group are mainly attributed to the volatility of USD and RMB currencies. Sensitivity analysis for the two currencies is provided below:

If NTD strengthened/weakened against USD by 1%, profits for the years ended December 31, 2023 and 2022 would have decreased/increased by NT$219 thousand and by NT$25 thousand, respectively, whereas equity would have decreased/increased NT$64 thousand and NT$137 thousand, respectively.

If NTD strengthened/weakened against RMB by 1%, profits for the years ended December 31, 2023 and 2022 would have decreased/increased by NT$299 thousand and NT$439 thousand, respectively, and there would be no effect whatsoever on equity.

Interest rate risk

Interest rate risk refers to fluctuations in the fair value or future cash flow of a financial instrument due to changes in market interest rate. The Group's exposure to interest rate risk arises mainly from loans borrowed at floating rate. However, given that the Group currently has no such loan outstanding, it is not exposed to any material interest rate risk.

Equity price risk

The Group holds TWSE/TPEX listed as well as unlisted equity securities; the fair value of investments may be affected by uncertainties associated with the future value. All TWSE/TPEX listed and unlisted equity securities held by the Group are classified as equity instruments at fair value through other comprehensive income. The Group manages equity price risk of equity securities through diversified investment and by setting investment limits on single and a portfolio of instruments. Information on portfolio of equity securities has to be provided to the Group's management on a regular basis; the board of directors is required to verify and approve all decisions concerning investment of equity securities.

A 10% rise/fall in the price of TWSE/TPEX listed shares held as investments in equity instruments at fair value through other comprehensive income would have affected the Group's equity by NT$11,820 thousand and NT$8,616 thousand for the years ended December 31, 2023 and 2022, respectively.

(All amounts in NTD thousands unless otherwise specified)

4. Credit risk management

Credit risk refers to the possibility of financial losses suffered due to counterparties becoming unable to fulfill contractual obligations. The Group's credit risk exposure mainly arises from operating activities (primarily accounts receivable and notes receivable) and financing activities (primarily bank deposits and financial instruments).

All departments of the Group manage credit risks according to prevailing policies, procedures, and controls. Counterparty credit risk is evaluated after taking into consideration each counterparty's financial position, external credit rating, historical transactions, the current economic environment, and the Group's internal rating standards, etc. The Group uses credit enhancement tools (such as advanced receipt and insurance) at appropriate times to minimize credit risk of specific counterparties.

The Group's top 10 customers accounted for 21% and 20% of total contract assets and accounts receivable balance as at December 31, 2023 and 2022, respectively. Judging by the above, there was no concentration of credit risk in the Group's contract assets and accounts receivable.

The Finance Department manages credit risk of bank deposits and other financial instruments according to group policies. All counterparties of the Group are approved according to internal control procedures, and consist entirely of reputable banks, investment-grade financial institutions, companies, and government agencies, hence no major credit risk exists.

The Group assesses expected credit losses according to IFRS 9. Information relating to credit risk assessment is presented below:

			Total book value	
Credit risk grade	Indicator	Method of measuring expected credit loss	December 31, 2023	December 31, 2022
Simplified Approach (Note)	(Note)	Lifetime Expected Credit Losses	$873,175	$897,890

Note: The Group adopts the Simplified Approach (loss provision is measured based on Lifetime Expected Credit Losses); the assessment covers contract assets, notes receivable, accounts receivable, and installment accounts receivable.

(All amounts in NTD thousands unless otherwise specified)

5. Liquidity risk management

The Group uses cash and cash equivalents, marketable securities, bank loans, leases, and contracts to maintain financial flexibility.

The following table shows maturity of financial liabilities as stated in contract terms and conditions. The dates represent the earliest times at which the Group may be required to make repayments, whereas the amounts are undiscounted and include agreed interests. Undiscounted amounts of floating interest cash flow are estimated using yield curve as at the balance sheet date.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
December 31, 2023					
Payables	$1,372,107	$-	$-	$-	$1,372,107
Lease liabilities	14,585	13,807	1,641	-	30,033
December 31, 2022					
Short-term loans	$150,708	$-	$-	$-	$150,708
Payables	1,360,498	-	-	-	1,360,498
Lease liabilities	10,942	13,440	2,844	-	27,226

6. Reconciliation of liabilities relating to financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2023	$150,000	$5,983	$26,370	$182,353
Non - cash movement	-	-	22,424	22,424
Cash flow	(150,000)	1,443	(19,492)	(168,049)
Exchange rate variation	-	-	(31)	(31)
December 31, 2023	$-	$7,426	$29,271	$36,697

(All amounts in NTD thousands unless otherwise specified)

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2022	$70,000	$3,138	$24,444	$97,582
Non - cash movement	-	-	17,253	17,253
Cash flow	80,000	2,845	(15,359)	67,486
Effect of exchange rate changes	-	-	32	32
December 31, 2022	$150,000	$5,983	$26,370	$182,353

7. Fair value of financial instruments

(1) Fair value assessment techniques and assumptions

Fair value refers to the price that market participants are able to receive for selling an asset, or the price that has to be paid to transfer a liability, in an orderly transaction on the measurement date. The Group has adopted the following techniques and assumptions when measuring and disclosing fair values of financial assets and liabilities:

A. Book value of cash and cash equivalents, receivables, payables, and other current liabilities closely resemble their fair value due to their short maturity.

B. Financial assets and liabilities that are traded on active markets at standard terms and conditions shall have fair value determined by market quotation (e.g. TWSE/TPEX listed shares, beneficiary certificates, and bonds).

C. Equity instruments without active market (e.g. privately placed shares of TWSE/TPEX listed companies, shares of unlisted public and private companies without active market) shall have fair value estimated using the market approach, which infers fair values from transaction price or other relevant information (such as discount for lack of liquidity, P/E and P/B ratios of similar companies etc.) of same or comparable equity instruments.

D. For debt instruments without quotation in active market, bank loans, and other non-current liabilities, fair value is determined by counterparty's quotation or through the use of valuation technique. The valuation technique takes a discounted cash flow approach, and assumptions such as interest rate and discount rate are established in reference to instruments of similar nature.

(2) Fair value of financial instruments carried at cost after amortization

Book value of financial assets and liabilities carried at amortized costs closely resemble their fair value.

(3) Fair value hierarchy for financial instruments

See Note (XII).8 for information relating to fair value hierarchy for financial instruments.

8. Fair value hierarchy

(1) Definition of fair value hierarchy

For all assets and liabilities measured or disclosed at fair value, fair value measurement is categorized in their entirety in the level of the lowest level input that is significant to the entire measurement. The different levels of inputs used are explained below:

Level 1 input: Quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature.
Level 2 input: Inputs that can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input.
Level 3 input: Inputs that cannot be observed for an asset or liability.

Assets and liabilities that are recognized on financial statements on a recurring basis shall have classification reassessed on each balance sheet date to determine if transfer of fair value hierarchy has taken place.

(All amounts in NTD thousands unless otherwise specified)

(2) Information on fair value hierarchy

The Company did not have any asset that is measured at fair value on a non-recurring basis. Hierarchy of assets and liabilities with recurring fair value measurement is explained below:

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Stock	$118,202	$-	$44,752	$162,954

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Stock	$86,164	$-	$35,502	$121,666

Transfer of fair value input between level 1 and level 2

There had been no transfer of fair value input between level 1 and level 2 for the years ended December 31, 2023 and 2022 that involved assets or liabilities with fair value measured on a recurring basis.

Transfer of level 3 input for recurring fair value measurements

There had been no transfer of level 3 input that involved assets or liabilities with recurring fair value measurement.

Information on the use of significant unobservable inputs in level 3 fair value measurement

The following significant unobservable inputs were used for level 3 measurement of assets with recurring fair value measurement:

(All amounts in NTD thousands unless otherwise specified)

December 31, 2023:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between input and fair value	Sensitivity analysis on relationship between input and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Asset Approach	Discount for lack of liquidity	20%	The higher the lack of liquidity, the lower the fair value estimate	If P/E ratio of a similar share rises (falls) by 10%, the Group's profits would increase (decrease) by NT$4,475 thousand.

December 31, 2022:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between input and fair value	Sensitivity analysis on relationship between input and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Asset Approach	Discount for lack of liquidity	20%	The higher the lack of liquidity, the lower the fair value estimate	If P/E ratio of a similar share rises (falls) by 10%, the Group's profits would increase (decrease) by NT$16 thousand.

(3) Mandatory disclosure of fair value hierarchy for items not measured at fair value: None.

9. Significant foreign currency-denominated financial assets and liabilities

The Group had the following significant foreign currency-denominated financial assets and liabilities:

Unit: thousand

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$1,802	30.63	$55,197	$13,895	30.67	$426,173
CNY (RMB)	63,368	4.296	272,227	93,001	4.381	407,435
JPY	2	0.2153	1	647	0.2299	149
SGD	62	23.18	1,444	51	22.75	1,164
Financial liabilities						
Monetary items:						
USD	$1,163	30.63	$35,634	$234	30.67	$7,176
CNY (RMB)	1,553	4.296	6,673	4,946	4.381	21,669
SGD	58	23.18	1,350	-	22.75	-

Due to the broad diversity of functional currencies used for transactions by members of the Group, the Group was unable to disclose exchange gains/losses on monetary financial assets and liabilities separately for each significant foreign currency. The Group incurred NT$200 thousand and NT$29,381 thousand of gains on currency exchange for the years ended December 31, 2023 and 2022, respectively.

10. Capital management

The primary goals of the Group’s capital management are to maintain robust credit rating and sound capital ratios in ways that support business operation and maximization of shareholders' equity. The Group manages and adjusts capital structure based on changes in economic circumstances. The Group maintains and adjusts capital structure through: adjustment of dividend payment, refund of share capital, or issuance of new shares.

(XIII). Other Disclosures

1. Information related to significant transactions:

(1) Loans to external parties: None.

(2) Endorsements/guarantees provided for others:

Serial No. (Note 1)	Name of the company providing an endorsement/ guarantee	The endorsed/guaranteed		Limits on endorsement/ guarantee amount provided to a single entity (Note 3)	Maximum balance for the period (Note 4)	Outstanding endorsement/ guarantee amount at the end of the period (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsement/ guarantee secured with collateral	Cumulative amount of endorsement / guarantee as a percentage of net equity stated in the latest financial statements	Maximum endorsement/ guarantee amount allowed (Note 3)	Provision of endorsement/ guarantee by parent company to subsidiary (Note 7)	Subsidiary's guarantee/ endorsement to parent company (Note 7)	Provision of endorsement/ guarantee to the party in Mainland China (Note 7)
		Name of the company	Relationship (Note 2)										
1	Stark Inforcom Inc.	The Company	4	$240,444	$214	$214	$214	-	0.01%	$480,889	-	Y	-

Note 1: Explanation to the serial number column:
1. 0 for the Company.
2. Investees are numbered in sequential order starting from 1; serial number should be consistent for the same company.

Note 2: The relationship between endorsement/guarantee providers and guaranteed parties are classified as follows:
1. Business that the Company has business dealing with.
2. Business in which the Company holds more than 50% direct or indirect voting interest.
3. Business that holds more than 50% direct or indirect voting interest in the Company.
4. Business in which the Company holds more than 90% direct or indirect voting rights.

5. Peer or partner of a construction contract that the Company is in need to provide cross guarantees for.

6. Investee of a joint investment arrangement for which the Company and other shareholders have issued endorsements/guarantees proportionate to ownership interest.

7. Peer of a property pre-sale contract for which the Company has issued performance guarantee in accordance with the Consumer Protection Act.

Note 3: According to subsidiaries' endorsement and guarantee procedures, endorsements/guarantees to a single business shall not exceed 50% of current net equity; total endorsements/guarantees to external parties shall not exceed 100% of current net equity. According to parent company's endorsement and guarantee procedures, endorsements/guarantees to any single subsidiary in which the Company holds more than 90% ownership interest shall not exceed 50% of net equity shown in the Company's latest financial statements, whereas endorsements/guarantees to other external parties shall not exceed 10% of the Company's net equity per entity or 50% of the Company's net equity on an aggregate basis, as shown in the latest financial statements.

Note 4: Represents the maximum balance of endorsement/guarantee during the year.

Note 5: Represents board of directors approved amount. If the Chairman has been authorized by the board of directors to make decisions according to Subparagraph 8, Article 12 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the column shall represent Chairman-approved amount.

Note 6: Represents the actual amount utilized by the guaranteed/endorsed within the endorsement/guarantee limit.

Note 7: Specify "Y" only for: endorsement/guarantee from a TWSE/TPEX listed parent to a subsidiary, endorsement/guarantee from a subsidiary to a TWSE/TPEX listed parent, or endorsement/guarantee to the Mainland China area.

(All amounts in NTD thousands unless otherwise specified)

(3) Holding of marketable securities at the end of the period (not including investment in subsidiaries, associates and joint ventures):

Name of the investor	Type of marketable security	Name of marketable security	Relationship between the securities issuer and the Company	Financial statement account	End of the period			
					Shares / units	Book value	Percentage of shareholding	Fair value
Stark Technology Inc.	TWSE-listed stock	ITEQ Corporation	-	Financial assets at fair value through other comprehensive income - non-current	362,829	$30,768	0.10%	$30,768
	Stock	DWINS Digital Service Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,151	-	0.04%	-
	Stock	Cloud Intelligent Operation Technology Co., Inc	Stark Technology Inc. serves as a director for the entity	Financial assets at fair value through other comprehensive income - non-current	320,000	3,200	16.00%	3,200
	Stock	Ausenior Information Co., Ltd.	Stark Technology Inc. serves as a director for the entity	Financial assets at fair value through other comprehensive income - non-current	2,000,000	26,000	13.33%	26,000
SRAIN Investment Co., Ltd.	TWSE-listed stock	ITEQ Corporation	-	Financial assets at fair value through other comprehensive income - non-current	187,614	15,910	0.05%	15,910
	TWSE-listed stock	Zero One Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,054,422	68,959	0.68%	68,959
	TPEX-listed stock	Genesis Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	38,629	2,526	0.04%	2,526
	TPEX-listed stock	Dimerco Data System Corporation	-	Financial assets at fair value through other comprehensive income - non-current	340	39	-%	39
	Stock	Hua Chih Venture Capital Corp.	SRAIN Investment Co., Ltd. serves as a director for the entity	Financial assets at fair value through other comprehensive income - non-current	16,304	163	3.26%	163
	Stock	Incomm Technologies Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	90	-	0.01%	-

(All amounts in NTD thousands unless otherwise specified)

Name of the investor	Type of marketable security	Name of marketable security	Relationship between the securities issuer and the Company	Financial statement account	End of the period			
					Shares / units	Book value	Percentage of shareholding	Fair value
SRAIN Investment Co., Ltd.	Stock	LOLA Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	788,901	7,389	15.78%	7,389
	Stock	Azalea Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	800,000	8,000	13.68%	8,000

(4) Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital: None.

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

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

(7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(8) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(9) Trading of derivatives: None.

(All amounts in NTD thousands unless otherwise specified)

(10) Others: Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries:

For the year ended December 31, 2023:

Serial No. (Note 1)	Name of transacting party	Counterparty	Relationship with the transacting party (Note 2)	Transaction summary			
				Account	Amount	Transaction terms	As a percentage of consolidated net revenues or total assets (Note 3)
0	Stark Technology Inc.	Stark Technology Inc. (USA)	1	Purchase	$3,429	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	0.05%
				Accounts payable	2,009		0.03%
0	Stark Technology Inc.	Stark Inforcom Inc.	1	Sales revenue	4,366	Selling price is determined at 90%-99% of general selling price or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.06%
				Accounts receivable	520		0.01%
				Purchase	1,094	Purchase price is determined by applying a 3%-20% markup on cost or through negotiation. Payment term is 30-120 days after acceptance inspection.	0.02%
				Rental income	962	-	0.01%
				Other expense	9	-	-%
0	Stark Technology Inc.	STARK (NINGBO) Technology Inc.	1	Sales revenue	14,786	Selling price is determined by applying a 3%-20% markup on cost or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.20%
				Accounts receivable	2,145		0.03%
0	Stark Technology Inc.	SRAIN Investment Co., Ltd.	1	Rental income	114	-	-%
1	Stark Inforcom Inc.	Stark Technology Inc. (USA)	3	Purchase	845	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	0.01%

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

1. 0 for parent company.
2. Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of total consolidated revenues or total assets is explained as follows: for balance sheet items, percentage of period-end balance is calculated relative to consolidated total assets; for profit or loss items, percentage of end-of-period cumulative amount is calculated relative to consolidated total revenues.

Note 4: Key transactions presented in this chart are determined by the Company based on principles of materiality.

2. Information on business investments:

Supplementary disclosure of investees in which the Company has significant influence or control for the year ended December 31, 2023 (excluding Mainland China investees)

Unit: NTD thousands/USD

Name of the investor	Name of investee	Location of the investee	Main business activities	Initial investment (Note 9)		Shares held as at end of the period			Current profit (loss) of the investee (Note 1)	Investment gains (losses) recognized in the current period (Note 1)	Remarks
				End of the current period	End of the previous year	Number of shares	Percentage	Book value			
Stark Technology Inc.	Stark Technology Inc. (USA)	Note 2	Trading of computer-related products	$1,532 (USD50,000)	$1,532 (USD50,000)	500,000	100.00%	$11,095	$(308)	$(469)	-
Stark Technology Inc.	SRAIN Investment Co., Ltd.	Note 3	General investment	410,967	410,967	-	100.00%	603,718	71,499	71,499	-
Stark Technology Inc.	Pacific Ace Holding International Ltd.	Note 4	General investment	91,890 (USD3,000,000)	91,890 (USD3,000,000)	3,000,000	100.00%	254,640	11,901	11,901	-
Stark Technology Inc.	Stark Information (Hong Kong) Limited	Note 5	Trading of computer equipment and software	-	2,144 (USD70,000)	-	-	-	-	-	-
SRAIN Investment Co., Ltd.	S-Rain Investment Ltd.	Note 6	General investment	24,504 (USD800,000)	24,504 (USD800,000)	800,000	100.00%	8,443	(3,652)	-	-
SRAIN Investment Co., Ltd.	Stark Inforcom Inc.	Note 7	Trading of computer-related products	370,000	370,000	37,000,000	100.00%	480,889	69,051	-	-
Pacific Ace Holding International Ltd.	Profit Reap International Limited	Note 4	General investment	91,890 (USD3,000,000) (Note 8)	91,890 (USD3,000,000) (Note 8)	3,000,000	100.00%	254,963	11,901	-	-

Note 1: Investment gains/losses of each company is recognized as part of investment gains/losses of subsidiaries or 2nd-tier subsidiaries, and have been eliminated in the consolidated financial statements.

Note 2: 1209 Mayberry Lane San Jose, CA95131, U.S.A.

Note 3: 13F, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 4: Beaufor House, P. O. Box 438, Road Town, Tortola, British Virgin Islands

Note 5: Unit 2104, No. 16, Argyle Street (Mongkok Commercial Centre), Kowloon, Hong Kong.

Note 6: Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands

Note 7: 11F-2, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 8: Includes technology in lieu of capital - USD906,243.

Note 9: Amount of initial investment at the ends of the current and previous periods were converted using exchange rate as at December 31, 2023.

(All amounts in NTD thousands unless otherwise specified)

3. Information relating to investments in the Mainland China

(1) Breakdown of investments:

Name of the investee in Mainland China	Main business activities	Paid-in-capital amount	Investment method	Accumulated outflow of investment from Taiwan as beginning of current period	Investment flows of the period		Accumulated outflow of investment from Taiwan as end of current period	Net profit (loss) of the investee of current period	Percentage of shareholding (direct or indirect)	Investment gains (losses) recognized in the current period (Note 3)	Book value of investments in Mainland China at the end of the period (Note 3)	Investment gains recovered back to Taiwan to date
					Outflow	Inflow						
STARK (NINGBO) Technology Inc.	International trade, technical service and consultation, system integration, software development, and sale of computer-related equipment.	USD 3,000,000	Invested indirectly through an investee in a third location (Pacific Ace Holding International Ltd)	$91,890 (USD3,000,000)	-	-	$91,890 (USD3,000,000) (Note 1)	$21,353 (Note 4.(II).2)	100.00%	$21,353 (Note 4.(II).2)	$255,113	$113,151 (USD3,694,113.75)
Shanghai Stark Technology Inc.	Wholesale and import/export trade of computers and peripherals, software, office equipment, and electrical/electronic equipment, computer system design, data processing service, and supply of network information.	USD 1,160,000	Invested indirectly through an investee in a third location (S-Rain Investment Ltd)	35,531 (USD1,160,000)	-	-	35,531 (USD1,160,000)	(3,652) (Note 4.(II).2)	100.00%	(3,652) (Note 4.(II).2)	8,432	-
Jiangxi Solar PV Corporation	Research, development, production, and sale of solar cells and components	- (Note 2)	Invested indirectly through an investee in a third location (Solar PV Corporation)	91,890 (USD3,000,000)	-	-	91,890 (USD3,000,000)	- (Note 2)	- (Note 2)	- (Note 2)	- (Note 2)	-

Accumulated outflows of investment from Taiwan to Mainland China as end of current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$219,311 (USD7,160,000) (Note 3)	$219,311 (USD7,160,000) (Note 3)	$1,961,971 (Note 5)

Note 1: As at December 31, 2023, the Company had invested USD 906,243 into STARK (NINGBO) Technology Inc. including technology in lieu of capital.

Note 2: The entity was declared bankrupt by the local court, and had completed liquidation on May 22, 2020.

Note 3: Converting the original foreign currency amount using exchange rate as at December 31, 2023.

Note 4: With regards to investment gains/losses recognized in the current period:

(I). It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.

(II). Indicate the basis for investment income (loss) recognition in the number of one of the following three categories.

1. The financial statements were audited and attested by an international accounting firm which has a cooperative relationship with an accounting firm in R.O.C.
2. The financial statements were audited and attested by R.O.C. parent company's CPA
3. Others

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA.

(2) Significant transactions with Mainland China investees:

A. Amount and percentage of purchases and balance and percentage of corresponding payables at the end of period: Please see Note (XIII).1(10) of the financial statements.

B. Amount and percentage of sales and balance and percentage of corresponding receivables at the end of period: Please see Note (XIII).1(10) of the financial statements.

C. Property transactions and the resulting gains or losses: None.

D. Ending balances and purposes of endorsed notes, guarantees, or pledged collaterals: Please see Note (XIII).1(2) of the financial statements.

E. Maximum balance, ending balance, interest rate range, and total interests amount of loans in the current period: None.

F. Other transactions with material impact to the current profit or loss or financial position: None.

(All amounts in NTD thousands unless otherwise specified)

4. Information on major shareholders: Disclosure requirements not met.

(XIV). Segment Information

The Group generates revenues mainly from distribution and maintenance of computers and peripherals; research, design, development, and sale of computer software/hardware, and computer system design. The Group's decision makers evaluate performance of the company and allocate resources accordingly. The Group has consolidated all of its operations into one single reporting segment due to the fact that they share similar economic characteristics and exhibit comparable long-term financial performance. Segment information is prepared using the same basis and significant accounting policies stated in Note (IV).

1. Regional information

(1) Income from external customers:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Taiwan	$7,063,611	$6,510,132
Mainland China	121,473	175,276
Others	85,778	43,587
Total	$7,270,862	$6,728,995

Income is classified based on customers' country of domicile.

(2) Non-current assets:

	December 31, 2023	December 31, 2022
Taiwan	$527,819	$470,078
Mainland China	1,467	680
Total	$529,286	$470,758

2. Major customers:

Customer accounted for at least 10% of the Group's operating revenue for the years ended December 31, 2023 and 2022 are explained below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Customer A	$800,276	$286,315
Customer B	649,401	704,680

V.The CPA audited standalone financial statements for the most recent year

Stark Technology Inc.
Independent Auditor's Report

To stakeholders of Stark Technology Inc.:

Opinion

We have audited the parent company only balance sheet of Stark Technology Inc. as at December 31, 2023 and 2022, and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flow, and the accompanying footnotes (including summary of key accounting policies) for the periods January 1 to December 31, 2023 and 2022.

We found that none of the material disclosures of the parent company only financial statements mentioned above exhibited any misstatement that did not conform with Regulations Governing the Preparation of Financial Reports by Securities Issuers, or compromised the fair view of the parent company only financial position of Stark Technology Inc. as at December 31, 2023 and 2022, and the parent company only financial performance and cash flow for the periods January 1 to December 31, 2023 and 2022.

Basis for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the audit principles. Our responsibilities as an auditor under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Stark Technology Inc. when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key Audit Matters

Key audit matters are matters that we considered to be the most important, based on professional judgment, when auditing for the year ended December 31, 2023 parent company only financial statements of Stark Technology Inc. These issues have already been addressed when we audited and formed our opinions on the parent company only financial statements. Therefore, we do not provide opinions separately for individual matters.

Recognition of service income

Stark Technology Inc. reported NT$2,127,550 thousand of service income for the year ended December 31, 2023, representing 36% of total operating revenues and is considered material to the parent company only financial statements. This income is mostly the result of consultation and maintenance services rendered, and given the complexity of contract terms, income is recognized based on the extent of service rendered over the contract tenor. It is therefore necessary to exercise judgment over the scope of performance obligations and the timing of fulfillment, and we consider the amount of income recognized and the recognition approach taken to be key audit issues. Audit procedures that we have taken for the key audit issue mentioned above included (but were not limited to): evaluating the appropriateness of accounting policy on service income recognition, testing the effectiveness of the internal control system that the management has created for recognizing service income, analyzing gross profit margin by service category, executing transaction detail tests including sample examination of service contracts and invoices, and identifying performance obligations, cost-sharing arrangements, and timing of fulfillment for the contracts involved. These actions enabled us to determine whether transactions were recognized at the correct timing. We also reviewed the appropriateness of revenue disclosure mentioned in Notes IV and VI of the parent company only financial statements.

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

Responsibilities of the management were to prepare and ensure fair presentation of parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of parent company only financial statements so that the parent company only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing parent company only financial statements also involved: assessing the ability of Stark Technology Inc. to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate or cease business operations, or is compelled to do so with no alternative solution.

The governance body of Stark Technology Inc. (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of Parent Company Only Financial Statements

The purposes of our audit were to obtain reasonable assurance of whether the parent company only financial statements were prone to material misstatements, whether caused by fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with audit principles do not necessarily guarantee detection of all material misstatements within the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the financial statement user.

When conducting audits in accordance with audit principles, we exercised judgments and raised doubts as deemed professionally appropriate. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the parent company only financial statements that are attributed to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.

2. Obtaining necessary understanding on internal controls relevant to audit and designing audit procedures that are appropriate under the prevailing circumstances, but not for the purpose of providing opinion on the effectiveness of internal control system of Stark Technology Inc.

3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.

4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Stark Technology Inc. to operate as a going concern, based on the audit evidence obtained. We are bound to remind parent company only financial statement users to pay attention to relevant disclosures in the notes to those statements within our audit report if material uncertainties exist in regards to the aforementioned events or circumstances, and

amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Stark Technology Inc. no longer capable of operating as a going concern.

5. Assessing the overall presentation, structure, and contents of the parent company only financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the parent company only financial statements.

6. Obtaining sufficient and appropriate audit evidence on financial information of entities within the Company, and expressing opinions on parent company only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the Company.

We have communicated with the governance body about the scope, timing, and significant findings (including significant defects in internal control identified during the audit) of our audit.

We have also provided the governance body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with CPA code of ethics, and communicated with the governance body on all matters that may affect the auditor's independence (including relevant protection measures).

We have identified the key audit matters after communicating with the governance body regarding the year ended December 31, 2023 parent company only financial statements of Stark Technology Inc. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decide not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Ernst & Young
Release of public company financial statements has been approved by the authority
Approval reference: (96)-Jin-Guan-Zheng-(VI)-0960002720
(103)-Jin-Guan-Zheng-Shen-1030025503

CPA: Hsu, Hsin-Min
Cheng, Ching-Piao

February 29, 2024

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

Stark Technology Inc.
Parent Company Only Balance Sheet
As at December 31, 2023 and December 31, 2022
(All amounts in NTD thousands)

Asset			December 31, 2023		December 31, 2022	
Code	Major Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	(IV), (VI).1 and (XII)	$ 1,195,432	19	$ 850,146	14
1140	Contract assets - current	(IV), (VI).15, (VI).16, and (XII)	207,938	3	240,969	4
1150	Notes receivable, net	(IV), (VI).3, (VI).16, and (XII)	11,368	-	10,342	-
1172	Accounts receivable	(IV), (VI).4, (VI).16, and (XII)	443,437	7	365,691	6
1173	Installment accounts receivable	(IV), (VI).4, (VI).16, and (XII)	47,505	1	78,453	1
1180	Accounts receivable - related parties, net	(IV), (VI).4, (VI).16, (VII), and (XII)	2,665	-	452	-
1200	Other receivables	(XII)	8,955	-	4,607	-
130x	Inventories	(IV) and (VI).5	2,087,674	33	2,198,171	37
1410	Prepayments	(IV) and (VI).6	676,325	11	585,285	10
1476	Other financial assets - current	(IV), (VIII) and (XII)	2,597	-	7,651	-
1478	Refundable deposits	(XII)	75,670	1	77,837	1
1479	Other current assets		1,709	-	1,365	-
11xx	Total current assets		4,761,275	75	4,420,969	73
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	(IV), (VI).2 and (XII)	59,968	1	54,291	1
1550	Investments accounted for using equity method	(IV) and (VI).7	869,453	14	951,680	16
1600	Property, plant and equipment	(IV) and (VI).8	495,417	8	440,059	7
1755	Right-of-use assets	(IV) and (VI).17	27,515	1	25,394	1
1780	Intangible assets	(IV) and (VI).9	1,424	-	2,905	-
1840	Deferred income tax assets	(IV) and (VI).21	11,225	-	15,804	-
1920	Refundable deposits	(XII)	94,173	1	79,629	1
1933	Long-term installment accounts receivable	(IV) and (VI).4	18,690	-	37,080	1
1980	Other financial assets - non-current	(IV), (VIII) and (XII)	8,507	-	4,796	-
1990	Other non-current assets	(VI).10	3,399	-	1,661	-
15xx	Total non-current assets		1,589,771	25	1,613,299	27
1xxx	Total assets		$ 6,351,046	100	$ 6,034,268	100

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung　　Manager: Liang, Hsiu-Chung　　Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Parent Company Only Balance Sheet - (Continued)
As at December 31, 2023 and December 31, 2022
(All amounts in NTD thousands)

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Major Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	(IV), (VI).11 and (XII)	$ -	-	$ 150,000	2
2130	Contract liabilities - current	(IV) and (VI).15	1,533,332	24	1,307,406	22
2150	Notes payable	(XII)	3,074	-	18,857	-
2170	Accounts payable	(XII)	926,679	15	797,907	13
2180	Accounts payable - related parties	(VII) and (XII)	2,009	-	573	-
2200	Other payables	(XII)	276,427	4	280,315	5
2230	Current income tax liabilities	(IV) and (VI).21	191,921	3	158,571	3
2250	Provisions	(VI).12	8,532	-	5,108	-
2280	Lease liabilities - current	(IV) and (VI).17	13,309	-	9,815	-
2399	Other current liabilities		43,473	1	72,323	1
21xx	Total current liabilities		2,998,756	47	2,800,875	46
	Non-current liabilities					
2570	Deferred income tax liabilities	(IV) and (VI).21	36,152	1	60,098	1
2580	Lease liabilities - non-current	(IV) and (VI).17	14,529	-	15,914	-
2640	Net defined benefit liabilities - non-current	(IV) and (VI).13	24,560	-	26,448	1
2645	Guarantee deposits	(XII)	7,098	-	5,606	-
25xx	Total non-current liabilities		82,339	1	108,066	2
2xxx	Total liabilities		3,081,095	48	2,908,941	48
31xx	Equity	(VI).14				
3100	Share capital					
3110	Ordinary share		1,063,603	17	1,063,603	18
3200	Capital surplus		166,514	3	166,514	3
3300	Retained earnings					
3310	Legal reserve		1,017,069	16	943,184	15
3320	Special reserve		144	-	144	-
3350	Unappropriated retained earnings		994,655	16	950,400	16
	Total retained earnings		2,011,868	32	1,893,728	31
3400	Other equity interests		27,966	-	1,482	-
3xxx	Total equity		3,269,951	52	3,125,327	52
	Total liabilities and equity		$ 6,351,046	100	$ 6,034,268	100

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung　　Manager: Liang, Hsiu-Chung　　Head of Accounting: Huang, I-Tzu

Stark Technology Inc.

Parent Company Only Statement of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(All amounts are in NTD thousands, except for earnings per share)

Code	Major Accounts	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Net operating revenue	(IV), (VI).15 and (VII)	$ 5,905,815	100	$ 5,794,860	100
5000	Operating cost	(VI).6, (VI).18 and (VII)	(4,313,908)	(73)	(4,289,958)	(74)
5900	Operating margin		1,591,907	27	1,504,902	26
6000	Operating expenses	(VI).16 and (VI).17				
6200	Administrative expenses	(VI).18 and (VII)	(734,231)	(12)	(742,177)	(13)
6300	Research and development expenses		(90,305)	(2)	(84,411)	(1)
6450	Expected credit impairment reversal gain		754	-	1,651	-
	Total operating expenses		(823,782)	(14)	(824,937)	(14)
6900	Operating income		768,125	13	679,965	12
7000	Non-operating income and expenses	(VI).19 and (VII)				
7100	Interest income		8,850	-	6,957	-
7010	Other income		79,701	1	51,149	1
7020	Other gains and losses		(829)	-	28,644	-
7050	Finance costs		(2,470)	-	(1,658)	-
7070	Share of profits/losses on subsidiaries, associated companies, and joint ventures accounted for using the equity method		82,857	2	116,315	2
	Total non-operating income and expenses		168,109	3	201,407	3
7900	Income before income tax		936,234	16	881,372	15
7950	Income tax expenses	(IV) and (VI).21	(152,993)	(3)	(146,201)	(2)
8200	Net income	(IV) and (VI).22	783,241	13	735,171	13
8300	Other comprehensive income					
8310	Items not reclassified into profit or loss					
8311	Remeasurement of defined benefit plan	(VI).20	(586)	-	4,596	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income		34,758	1	(41,936)	(1)
8349	Income tax benefit (expose) related to items that are not reclassified into profit or loss		117	-	(919)	-
8360	Items likely to be reclassified into profit or loss	(VI).20				
8361	Exchange differences on translation of foreign operations		(7,091)	-	6,287	-
	Other comprehensive income for the current period (net of income tax)		27,198	1	(31,972)	(1)
8500	Total comprehensive income for the period		$ 810,439	14	$ 703,199	12
	Earnings per share (NTD)					
9750	Basic earnings per share					
9710	Net income	(VI).22	$ 7.36		$ 6.91	
9850	Diluted earnings per share					
9810	Net income	(VI).22	$ 7.32		$ 6.86	

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung Manager: Liang, Hsiu-Chung Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Parent Company Only Statement of Changes in Equity
For the Years Ended December 31, 2023 and 2022
(All amounts in NTD thousands)

				Retained earnings			Other equity items		
	Item	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total equity
Code		3100	3200	3310	3320	3350	3410	3420	3XXX
A1	Balance as at January 1, 2022	$ 1,063,603	$ 166,514	$ 879,312	$ 144	$ 873,169	$ (24,222)	$ 61,353	$ 3,019,873
	Appropriation and distribution of 2021 earnings (Note)								
B1	Appropriation of legal reserve	-	-	63,872	-	(63,872)	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(597,745)	-	-	(597,745)
D1	Net income for the year ended December 31, 2022	-	-	-	-	735,171	-	-	735,171
D3	Other comprehensive income for the year ended December 31, 2022	-	-	-	-	3,677	6,287	(41,936)	(31,972)
D5	Total comprehensive income for the period	-	-	-	-	738,848	6,287	(41,936)	703,199
Z1	Balance as at December 31, 2022	$ 1,063,603	$ 166,514	$ 943,184	$ 144	$ 950,400	$ (17,935)	$ 19,417	$ 3,125,327
A1	Balance as at January 1, 2023	$ 1,063,603	$ 166,514	$ 943,184	$ 144	$ 950,400	$ (17,935)	$ 19,417	$ 3,125,327
	Appropriation and distribution of 2022 earnings (Note)								
B1	Appropriation of legal reserve	-	-	73,885	-	(73,885)	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(665,815)	-	-	(665,815)
D1	Net income for the year ended December 31, 2023	-	-	-	-	783,241	-	-	783,241
D3	Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(469)	(7,091)	34,758	27,198
D5	Total comprehensive income for the period	-	-	-	-	782,772	(7,091)	34,758	810,439
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	1,183	-	(1,183)	-
Z1	Balance as at December 31, 2023	$ 1,063,603	$ 166,514	$ 1,017,069	$ 144	$ 994,655	$ (25,026)	$ 52,992	$ 3,269,951

(Please refer to notes to parent company only financial statements)

Note: Employee remuneration for the years ended December 31, 2023 and 2022 amounted to NT$67,000 thousand and NT$67,000 thousand, respectively.

Chairman: Liang, Hsiu-Chung　　Manager: Liang, Hsiu-Chung　　Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Parent Company Only Statement of Cash Flow
For the Years Ended December 31, 2023 and 2022
(All amounts in NTD thousands)

Code	Item	2023 Amount	2022 Amount
AAAA	Cash flow from operating activities:		
A10000	Income before income tax	$ 936,234	$ 881,372
A20000	Adjustments:		
A20010	Income, expenses and losses:		
A20100	Depreciation expenses	34,874	30,021
A20200	Amortization expenses	2,822	6,928
A20300	Expected credit impairment reversal gain	(754)	(1,651)
A20900	Interest expense	2,470	1,658
A21200	Interest income	(8,850)	(6,957)
A21300	Dividend income	(3,088)	(3,014)
A22400	Share of profits on subsidiaries, associated companies, and joint ventures accounted for using the equity method	(82,857)	(116,315)
A22500	Gains on disposals and retirements of property, plant, and equipment	(18)	-
A31000	Changes in assets/liabilities that are related to operating activities:		
A31125	Contract assets	35,201	(64,915)
A31130	Notes receivable	(1,026)	(6,457)
A31150	Accounts receivable	(28,477)	(31,412)
A31160	Accounts receivable - related parties	(2,213)	1,705
A31180	Other receivables	(4,346)	(18)
A31200	Inventories	102,260	(426,954)
A31230	Prepayments	(91,040)	(182,406)
A31240	Other current assets	(344)	(115)
A32125	Contract liabilities - current	225,926	334,642
A32130	Notes payable	(15,783)	17,918
A32150	Accounts payable	128,772	141,463
A32160	Accounts payable - related parties	1,436	(765)
A32180	Other payables	(3,843)	48,975
A32200	Provisions	3,424	(6,809)
A32230	Other current liabilities	(28,850)	(1,482)
A32240	Net defined benefit liabilities	(2,474)	(3,193)
A33000	Cash inflow from operations	1,199,456	612,219
A33100	Interests received	7,500	3,076
A33200	Dividend received	189,662	118,525
A33300	Interests paid	(1,924)	(1,170)
A33500	Income tax paid	(138,893)	(69,411)
AAAA	Net cash inflow from operating activities	1,255,801	663,239

Code	Item	2023 Amount	2022 Amount
BBBB	Cash flow from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(1,250)	(26,000)
B02300	Disposal of subsidiary	1,751	-
B02700	Acquisition of property, plant and equipment	(65,442)	(8,991)
B02800	Disposal of property, plant and equipment	1,476	-
B03700	Increase in refundable deposits	(12,377)	(36,978)
B04500	Acquisition of intangible assets	(1,341)	(1,845)
B06500	Decrease (increase) in other financial assets	1,343	(4,240)
B06700	Increase in other non-current assets	(1,738)	(541)
BBBB	Net cash outflow from investing activities	(77,578)	(78,595)
CCCC	Cash flow from financing activities:		
C00200	Increase (decrease) in short-term loans	(150,000)	80,000
C03000	Increase in guarantee deposits	1,492	2,910
C04020	Repayment of lease principal	(18,614)	(14,411)
C04500	Distribution of cash dividends	(665,815)	(597,745)
CCCC	Net cash outflow from financing activities	(832,937)	(529,246)
EEEE	Net increase in cash and cash equivalents for the current period	345,286	55,398
E00100	Cash and cash equivalents, beginning of period	850,146	794,748
E00200	Cash and cash equivalents, end of period	$ 1,195,432	$ 850,146

(Please refer to notes to parent company only financial statements)

Chairman: Liang, Hsiu-Chung   Manager: Liang, Hsiu-Chung   Head of Accounting: Huang, I-Tzu

Stark Technology Inc.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
(All amounts in NTD thousands unless otherwise specified)

(I) Organization and Operations

Stark Technology Inc. (the "Company") was incorporated on March 24, 1993. Its main business activities include distribution and maintenance of computers and peripherals; research, design, development, and sale of computer software/hardware, computer system design, and import/export trade for the Company's own products.

Shares of the Company have been listed for trading on "Taiwan Stock Exchange Corporation" since September 2001. The Company's place of registration and main business location is 12F-1, No. 83, Section 2, Dongda Road, Hsinchu City.

(II) Financial Statement Approval Date and Procedures

Parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 were approved by the board of directors on February 29, 2024.

(III) Application of new standards, amendments, and interpretations

1. Change of accounting policy resulting from first-time adoption of International Financial Reporting Standards (IFRS)

   The Company has adopted the version of IFRS, IAS, IFRIC and interpretations thereof that approved and effected by Financial Supervisory Commission (FSC) for accounting periods on and after January 1, 2023. First-time adoption of the new standards and amendments has had no material impact on the Company.

2. The Company had not adopted the following IASB-announced and FSC-approved new standards, amendments, guidance, and interpretation as of the release date of the financial reports:

Item No.	New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
1	Amendments to IAS 1 - "Classification of Liabilities as Current or Non-Current"	January 1, 2024
2	Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"	January 1, 2024
3	Amendments to IAS 1 - "Non-Current Liabilities in Contracts"	January 1, 2024
4	Amendments to IAS 7 and IFRS 7 – "Supplier Finance Arrangements"	January 1, 2024

(1) Amendments to IAS 1 - "Classification of Liabilities as Current or Non-current"

This amendment concerns the classification of liabilities between current and non-current, as stated in paragraphs 69-76 of IAS 1 - "Presentation of Financial Statements."

(2) Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"

This amendment for IFRS 16 – “Leases” is intended to ensure the consistency of application of the standard by adding subsequent measurement requirements for a seller-lessee in a sale and leaseback transactions.

(3) Amendments to IAS 1 - "Non-Current Liabilities in Contracts"

This amendment aims to enhance the information provided by the entity regarding long-term debt contracts. The disclosure of contractual obligations that are required to be met within twelve months after the reporting period does not affect the classification of such liabilities as current or non-current at the end of the reporting period.

(4) Amendments to IAS 7 and IFRS 7 – "Supplier Finance Arrangements"

In addition to enhancing the explanation of supplier financing arrangements, this amendment also introduces additional disclosures related to supplier financing arrangements.

(All amounts in NTD thousands unless otherwise specified)

The aforementioned new, revised and amended standards or interpretations are issued by IASB and endorsed by FSC to take effect for annual periods beginning on January 1, 2024. Upon assessment, the adoption of newly issued or revised standards and interpretations does not have any material impact on the Company.

3. As of the publication date of financial statements, the Company had not adopted the following IASB-announced new standards, amendments, guidance, and interpretation that were not approved by FSC:

Item No.	New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
1	Amendments to IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	To be determined by International Accounting Standards Board
2	IFRS 17 - "Insurance Contracts"	January 1, 2023
3	Amendments to IAS 21 - "Lack of Exchangeability"	January 1, 2025

(1) Amendments to IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" regarding "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"

This amendment is intended to address the inconsistent treatments between IFRS 10 - "Consolidated Financial Statements" and IAS 28 - "Investments in Associates and Joint Ventures" in cases where a company loses control in a subsidiary when ownership of that subsidiary is offered as consideration for investing into an associated company or joint venture. IAS 28 states that, when a company contributes non-monetary asset in exchange for equity interest in an associated company or joint venture, the transaction shall be treated as a downstream transaction and any share of gains or losses that arises as a result is eliminated. IFRS 10, however, requires the entirety of gains or losses to be recognized when a company loses control in a subsidiary. This amendment limits the IAS 28 treatment mentioned above, and requires all gains or losses to be recognized when the assets sold or contributed constitute a business defined under IFRS 3.

Meanwhile, IFRS 10 was amended so that, when an investor sells or contributes a subsidiary that does not constitute a business defined under IFRS 3 with its associated company or joint venture, gains or losses that arise as a result shall be recognized only for the share that is not attributed to the investor.

(2) IFRS 17 - "Insurance Contracts"

This standard provides a comprehensive model for the treatment of insurance contracts, including accounting practices (from recognition, measurement, presentation to disclosure). The standard uses a general model at its core, and under this model, a group of insurance contracts shall be recognized at initiation as the sum of fulfillment cash flows and contractual service margin; thereafter, book value for the group of insurance contracts shall be presented as the sum of liability for remaining coverage and liability for incurred claims as at each balance sheet date.

In addition to the general model, the standard also introduces treatment for insurance contract with direct participation features (the Variable Fee Approach) and simplified approach for short-term contracts (the Premium Allocation Approach).

This standard was first published in May 2017 and later amended in 2020 and 2021, which postponed the effective date stated in the transition clause by 2 years (from January 1, 2021 to January 1, 2023), introduced additional exemptions, and reduced cost of adoption through the simplified approach. The amendment also made some circumstances easier to interpret. This standard will supersede the transitional standard (i.e. IFRS 4 - "Insurance Contracts") once effected.

(3) Amendments to IAS 21 - "Lack of Exchangeability"

The amendments explain the exchangeability and lack of exchangeability between currencies and how to determine the exchange rate as well as additional disclosures required when a currency is not exchangeable. The amendments will take effect for annual periods beginning on January 1, 2025.

All above standards and interpretations announced by IASB but not yet approved by FSC shall become effective on dates announced by FSC. The Company is currently evaluating the potential impacts of newly announced/amended standards and interpretations listed in (1), and is unable to provide reasonable estimate of how the above standards or interpretations may affect the Company. Aside from the above, other newly announced/amended standards and interpretations have no material impact on the Company.

(IV) Summary of Significant Accounting Policies

1. Compliance statement

   Parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

2. Basis of Preparation

   The Company has prepared the parent company only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers." According to Article 21 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the amount of current profit/loss and other comprehensive income attributable to parent company shareholders should be consistent between parent company only and consolidated financial statements; the amount of equity attributable to parent company shareholders should also be consistent between parent company only and consolidated financial statements. For this reason, investments in subsidiaries are presented as "Investments accounted for using equity method" in the parent company only financial statements, with valuation adjustments made as necessary.

   The parent company only financial statements have been prepared based on historical cost, except for financial instruments carried at fair value. Unless otherwise specified, all amounts in the parent company only financial statements are presented in NTD thousands.

3. Foreign currency transactions

   The parent company only financial statements are presented using the Company's functional currency (NTD).

   Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items are converted using closing exchange rate at the end of each reporting period. Foreign currency-denominated non-monetary items measured at fair value are converted using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

   Exchange differences arising from settlement or translation of monetary accounts are recognized in profit and loss in the period occurred, except in the following circumstances.

(1) For foreign currency loans that are undertaken for the purpose of acquiring a qualifying asset, the exchange difference would form part of the borrowing cost if it is treated as an adjustment to interest cost, and capitalized into the cost of the asset.

(2) Foreign currency items subject to IFRS 9 - "Financial Instruments" are treated using accounting policy on financial instruments.

(3) For monetary items that make up a part of the reporting entity's net investments in foreign operation, exchange difference is recognized as other comprehensive income at initiation, and subsequently reclassified from equity into profit or loss upon disposal of net investments.

Non-monetary accounts that have gains and losses recognized as other comprehensive income shall also have any exchange component of that gain or loss recognized as other comprehensive income. Non-monetary accounts that have gains and losses recognized in profit and loss shall also have any exchange component of that gain or loss recognized in profit and loss.

4. Translation of foreign currency financial statements

Each foreign operation of the Company determines its own functional currency, and presents financial statements in the functional currency chosen. When preparing parent company only financial statements, assets and liabilities of foreign operations are converted into NTD using closing exchange rate as at the balance sheet date, whereas income, expenses, and losses are converted using average exchange rate for the current period. Exchange differences arising from financial statement translation are recognized as other comprehensive income; upon disposal of foreign operations, exchange differences previously recognized as other comprehensive income and accumulated under equity from separate parts are reclassified from equity to profit or loss when recognizing gain/loss on disposal. In a partial disposal of subsidiary containing foreign operation that results in a loss of control, and partial disposal of equity in an associated company or joint agreement containing foreign operation, the disposal treatment shall also apply if the remaining equity can be regarded as a financial asset containing foreign operation.

In a partial disposal of subsidiary containing foreign operation that does not result in a loss of control, cumulative exchange differences previously recognized in other comprehensive income are re-attributed to non-controlling equity of such foreign operation, instead of being recognized in profit or loss. In a partial disposal of associated company or joint agreement containing foreign operation where significant influence or joint control is not lost, cumulative exchange differences are reclassified into profit or loss proportionally.

5. Classification of current and non-current assets and liabilities

Assets that satisfy any of the following criteria are classified as current assets; assets that are not classified as current are classified as non-current assets:

(1) Assets that are expected to be realized, or intended to be sold or consumed, in the Company's normal operating cycle.
(2) Assets that are held mainly for the purpose of trading.
(3) Assets that are expected to be realized within 12 months after the reporting period.
(4) Cash or cash equivalents, except those are restricted from being swapped or used to repay liabilities beyond 12 months after the end of the reporting period, and those with restricted uses.

Liabilities that satisfy any of the following criteria are classified as current liabilities; liabilities that are not classified as current are classified as non-current liabilities:

(1) Liabilities that are expected to be repaid in the Company's normal operating cycle.
(2) Liabilities that are held mainly for the purpose of trading.
(3) Liabilities that are expected to be repaid within 12 months after the reporting period.
(4) Liabilities where the repayment terms cannot be unconditionally beyond 12 months after the reporting period. Liabilities with terms that give counterparties the option to be repaid by the issue of equity instruments do not affect their classification.

6. Cash and cash equivalents

Cash and cash equivalent refer to cash on hand, demand deposit, and short-term and highly liquid time deposits or investments (including time deposits with terms equal to or less than 12 months) that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to a financial instrument contract.

Financial assets and liabilities subject to IFRS 9 - "Financial Instruments" are measured at fair value at initiation. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (except for financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the respective asset/liability.

(1) Recognition and measurement of financial assets

Regular transactions of financial asset are recognized and derecognized using trade date accounting.

The Company classifies financial assets into those that are carried at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss based on the two considerations below:

A. Business model for managing the financial assets
B. Characteristics of contractual cash flow for the financial assets

Financial assets at amortized costs

Financial assets that simultaneously satisfy the two conditions below are carried at amortized cost and presented on balance sheet as notes receivable, accounts receivable, installment accounts receivable, long-term installment accounts receivable, and other receivables:

A. Business model for managing the financial assets: financial asset is held for the purpose of collecting contractual cash flow
B. Characteristics of contractual cash flow for the financial assets: cash flow is solely used to pay principal and interests on outstanding principal

These financial assets (excluding those that are associated with hedge) are subsequently carried at amortized cost {i.e. the initial amount less principals repaid, plus/less cumulative amortization of differences between the initial amount and the maturity amount (calculated using the effective interest method), and adjusted for loss provisions}. Upon derecognition, amortization, or recognition of impairment gains/losses, the gains or losses are recognized in profit or loss.

Interests calculated using the effective interest method (i.e. by multiplying the book value of financial asset with effective interest rate) or under the following circumstances are recognized in profit or loss:

A. Purchased or originated credit-impaired financial assets, where interest is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
B. Subsequent impairment of financial asset that does not meet the above description, where interest is calculated by multiplying the cost of financial assets after amortization with effective interest rate.

Financial assets at fair value through other comprehensive income

Financial assets that simultaneously satisfy the two criteria below are measured at fair value through other comprehensive income, and presented on the balance sheet as financial assets at fair value through other comprehensive income.

A. Business model for managing the financial assets: financial asset is held for collecting contractual cash flow and sale
B. Characteristics of contractual cash flow for the financial assets: cash flow is solely used to pay principal and interests on outstanding principal

Gains and losses associated with this type of financial assets are recognized in the following manner:

A. Prior to derecognition or reclassification, gains and losses are recognized in other comprehensive income, except for impairment gains/losses and foreign exchange gains/losses, which are recognized in profit or loss
B. Upon derecognition, all cumulative gains/losses previously recognized in other comprehensive income are reclassified from equity to profit or loss and treated as a reclassification adjustment

C. Interests calculated using the effective interest method (i.e. by multiplying the book value of financial asset with effective interest rate) or under the following circumstances are recognized in profit or loss:

(a) Purchased or originated credit-impaired financial assets, where interest is calculated by multiplying the cost of financial assets after amortization with credit-adjusted effective interest rate.
(b) Subsequent impairment of financial asset that does not meet the above description, where interest is calculated by multiplying the cost of financial assets after amortization with effective interest rate.

For equity instruments that are subject to IFRS 9 but are neither held for trading nor recognized as acquirer's contingent consideration under IFRS 3 - Business Combinations, a (irrevocable) choice can be made at initial recognition to account for subsequent fair value changes in other comprehensive income. Amounts presented in other comprehensive income cannot be subsequently reclassified into profit or loss (upon disposal of the equity instrument, amounts previously accumulated under other equity item are reclassified directly into retained earnings); these instruments are presented on balance sheet as financial assets at fair value through other comprehensive income. Dividends from investments are recognized in profit or loss, unless the dividends clearly represent a partial recovery of the investment cost.

Financial assets at fair value through profit or loss

With the exception of financial assets that are carried at amortized cost or measured at fair value through other comprehensive income for satisfying the special criteria mentioned above, all other financial assets are measured at fair value through profit or loss, and presented on balance sheet at fair value through profit or loss.
This category of financial assets is measured at fair value. Gains or losses arising from remeasurement are recognized in profit or loss. The amount of gains and losses recognized in profit or loss includes all dividends or interests collected on the financial asset.

(2) Impairment of financial assets

The Company recognizes and measures the loss provisions for debt instrument investments held at fair value through other comprehensive income and financial assets carried at amortized cost at an amount equal to expected credit loss. Loss provisions on debt instrument investments held at fair value in other comprehensive income are recognized in other comprehensive income and do not reduce the book value of investment.

The Company measures expected credit losses after taking into account of the following:

A. An unbiased and probability-weighted amount determined after assessing the possible outcomes
B. Time value of monetary
C. Rational and verifiable information about past event, current situation, and future economic forecast (that can be obtained on the balance sheet date without incurring excessive cost or input)

Loss provisions are measured using the methods explained below:

A. At an amount equal to 12-month expected credit loss: applies to financial assets that exhibit no significant increase in credit risk since initial recognition, or those that are considered to be of low credit risk as at the balance sheet date. This method also applies to accounts that had loss provisions measured based on lifetime expected credit losses in the previous reporting period, but no longer meets the condition of having exhibited significant increase in credit risk since initial recognition as at the current balance sheet date.
B. At an amount equal to lifetime expected credit losses: applies to financial assets that exhibit significant increase in credit risk since initial recognition, or purchase of originated credit-impaired financial assets.
C. For accounts receivable or contractual assets that arise from the transactions defined in IFRS 15, the Company measures loss provisions at an amount equal to lifetime expected credit losses.
D. For lease receivable that arises from the transactions defined in IFRS 16, the Company measures loss provisions at an amount equal to lifetime expected credit losses.

On each balance sheet date, the Company examines financial instruments for any change in default risk between the balance sheet date and the date of initial recognition, and in doing so evaluates whether there is significant increase in the credit risk of financial instrument since initial recognition. Please see Note XII for credit risk-related information.

(3) Derecognition of financial assets

Financial assets that satisfy any of the following criteria are derecognized:

A. When contractual entitlement to receive cash flow from the asset has ended.
B. When the financial asset has been transferred along with virtually all risks and returns associated with the ownership of the asset.
C. When control of the asset has been transferred, even if the Company does not transfer or retain virtually all risks and returns associated with the asset.

When a financial asset is derecognized, the difference between book value and the sum of consideration received/receivable plus any cumulative gains or losses previously recognized in other comprehensive income is recognized in profit or loss.

(4) Financial liabilities and equity instruments

Classification of liability and equity

Debt and equity instruments issued by the Company are classified into financial liabilities or equity based on the essence of the contract agreement and definitions of financial liabilities and equity instrument.

Equity instrument

Equity instrument refers to any contract that represents residual interests after the Company deducts all of its liabilities from its assets. Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

Financial liabilities

Financial liabilities subject to IFRS 9 are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost at initiation.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities that are held for trading and designated to be measured at fair value through profit or loss.

Financial liabilities are classified as held for trading if it satisfies any of the following criteria:

A. Acquired mainly for the purpose of being sold in the short term.
B. Having been recognized at initiation as part of a portfolio of identifiable financial instruments under collective management, and there is evidence to suggest that the portfolio is being traded for short-term profits; or
C. Exhibits the characteristics of a derivative instrument (except for financial guarantee contracts or derivative instruments designated for effective hedge).

Contracts that contain one or multiple embedded derivative instruments can be designated as hybrid (combined) contracts, and presented as financial liabilities at fair value through profit or loss. These instruments are designated to be measured at fair value through profit or loss at initiation if more relevant information can be obtained in one of the following situations:

A. Designation would eliminate or significantly reduce discrepancies arising from measurement or recognition; or
B. A group of financial liabilities or a group of financial assets and liabilities that are managed and evaluated performance based on fair value, as per risk management guidelines or investment strategy that are in written form, and that information of the investment portfolio provided internally to the management of the Company is also based on fair value.

Gains and losses arising from remeasurement of this category of financial liabilities are recognized in profit or loss. The amount of gains and losses recognized in profit or loss includes all interests paid on the financial liability.

Financial liabilities at amortized costs

Financial liabilities at amortized costs include payables and loans, which are subsequently measured using the effective interest rate method after initial recognition. When financial liabilities are derecognized from balance sheet and when amortization is provided using the effective interest rate method, the corresponding gains, losses, and amortizations are recognized in profit or loss.

Calculation of amortized costs takes into consideration discounts or premiums at the time of acquisition and transaction costs.

Derecognition of financial liabilities

Financial liabilities are derecognized from balance sheet when obligations have been relieved, canceled, or voided.

When the Company engages a creditor in a swap of debt instruments with significant discrepant terms, or makes significant modification to some or all terms of existing financial liability (whether due to financial distress or not), the effects are accounted by derecognizing the original liability and recognizing the new liability at the same time. When derecognizing financial liability, differences between the book value and the considerations paid/payable (including non-cash assets transferred or liabilities assumed) are recognized in profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported in the balance sheet in net amount only when the entity is legally entitled to do so and has the intention to settle assets and liabilities in net amount or to realize the asset and settle the liability at the same time.

8. Fair value assessment

Fair value refers to the price that market participants are able to receive for selling an asset, or the price that has to be paid to transfer a liability, in an orderly transaction on the measurement date. Fair value assessment assumes that the asset/liability is sold/transferred in one of the following markets:

(1) The principal market for the asset or liability; or
(2) The most advantageous market for the asset or liability, if the principal market does not exist

The principal or most advantageous market must be one that the Company has access to and is able to transact in.

Common assumptions that market participants adopt for pricing assets or liabilities are used when assessing fair value of an asset or liability. These assumptions assume that market participants all act in their best economic interest.

Fair value assessment of non-financial assets takes into consideration market participants' intent to make the highest and best use of the asset, or their intent to sell the asset to another market participant that will make the highest and best use in order to generate economic benefits.

The Company assesses fair value by adopting valuation techniques that are appropriate for the given circumstance and for which data can be obtained, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

9. Inventories

Accounted at acquisition cost; the cost of inventory is calculated using the weighted average method. Inventory is subsequently measured at the lower of cost or net realizable value item by item. Net realizable value refers to the balance of estimated selling price less any costs required to sell inventory under normal circumstances. Allowance for losses on inventory devaluation and obsolescence that is considered slow-moving or obsolete.

10. Investments accounted for using the equity method

The Company accounts for subsidiaries in accordance with Article 21 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presents them as "investments accounted for using the equity method" with valuation adjustments made as deemed necessary so that the amount of current profit/loss and other comprehensive income attributable to parent company shareholders are consistent between parent company only and consolidated financial statements, and that the amount of equity attributable to parent company shareholders are also consistent between parent company only and consolidated financial statements. These adjustments primarily take into consideration the consolidation treatments for subsidiary investments mentioned in IFRS 10 - "Consolidated Financial Statements" and differences in applicable IFRS rules for different reporting entities, and may involve debiting or crediting accounts such as "investments accounted for using the equity method," "share of profit or loss from subsidiaries, associated companies, and joint ventures accounted for using the equity method," and "share of other comprehensive income from subsidiaries, associated companies, and joint ventures accounted for using the equity method."

11. Property, plant and equipment

Property, plant and equipment are recognized at acquisition cost and presented net of accumulated depreciation and accumulated impairment. The abovementioned cost includes the cost of uninstalling, removing, and restoring property, plant and equipment at the given location, and any interest costs incurred on construction-in-progress. Significant compositions of property, plant, and equipment are depreciated separately. When making regular replacements for major component of property, plant, and equipment, the Company treats the replacement as a separate asset and recognizes depreciation based on the specified useful life and depreciation method. Book values of replaced assets are derecognized from balance sheet in accordance with IAS 16 - "Property, plant and equipment." Major repair costs that satisfy the recognition criteria are treated as replacement costs and recognized as part of the book value of property, plant and equipment. All other repair and maintenance expenditures are recognized in profit or loss.

Depreciation is provided on a straight-line basis over the estimated useful lives mentioned below:

Buildings	51-56 years
Accessory equipment of buildings	6 years
Transportation equipment	6 years
Office equipment	4-6 years
Right-of-use assets/lease assets	The lower between lease tenor and useful life
Lease improvements	The lower between lease tenor and useful life
Other equipment	2-6 years

The entity derecognizes property, plant and equipment or any of its major components from balance sheet and recognizes in profit or loss when it disposes the asset or expects no further inflow of economic benefits from utilization or disposal of the asset.

Residual value, useful life, and depreciation method of property, plant and equipment are evaluated at the end of each financial year. If the expected value differs from previous estimates, the difference is treated as a change in accounting estimate.

12. Lease

The Company evaluates whether a contract meets the criteria of (or contains) lease on the day of establishment. A contract is considered as (or contains) lease if it involves a transfer of control over identified assets for a period of time in exchange for consideration. To determine whether a contract transfers the right to control the use of an identified asset for a period of time, the Company evaluates whether the following two conditions are met throughout the entire period of use:

(1) The user has the right to obtain substantially all of the economic benefits from using the identified asset; and
(2) The user has the right to determine how identified asset is used.

For contracts that meet the criteria of (or contain) lease, the Company treats every lease component in the contract as a standalone lease, and accounts for non-lease components separately. For a contract that contains a lease component and one or multiple additional lease or non-lease components, the Company separates relative standalone price of each lease component from total standalone price of non-lease components, and allocates consideration to lease components. Relative standalone prices of lease and non-lease components are determined based on the price received by lessor (or supplier of similar nature) for the particular component (or similar component). If observable standalone prices are not readily available, the Company will maximize the use of observable information to estimate the standalone price.

Where the Company is the lessee

Except for leases that meet the criteria for and are accounted as short-term lease or lease of low-value asset, the Company recognizes right-of-use assets and lease liabilities on all lease contracts where it is the lessee.

On the commencement date, the Company measures lease liabilities at the present value of unpaid lease payments outstanding on that day. Lease payments are discounted at the implicit interest rate if it can be determined easily. If the implicit interest rate cannot be determined easily, the lessee's incremental borrowing rate is used instead. Lease payments to be included in the calculation of lease liabilities on the commencement date include the following payments outstanding on that day that are relevant to the right-of-use of the underlying asset over the lease tenor:

(1) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) Variable lease payments that are determined by certain index or rate (which are initially measured using index or rate as at the commencement date);
(3) Amounts that the lessee expects to pay under guaranteed residual value;
(4) Exercise price for the purchase option, provided that the Company is reasonably certain to exercise such option; and
(5) Penalties that have to be paid upon termination of lease, if the lease term reflects the lessee's intent to exercise the termination option.

After the commencement date, the Company measures lease liabilities at amortized cost basis and uses the effective interest method to increase the book value of lease liabilities to reflect the interest expense on lease liabilities. Lease payments reduce the book value of lease liabilities.

The Company measures right-of-use assets at cost on the commencement date; the cost of right-of-use asset includes:

(1) Initial measured amount of lease liabilities;
(2) Any lease payment made on or before the commencement date, less any lease incentive received;
(3) Any direct cost incurred by the lessee at initiation; and
(4) Estimated cost for the lessee to dismantle, remove the underlying asset, and restore its original location, or to restore the underlying asset to the state specified in the terms and conditions of the lease agreement.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment loss; in other words, the cost method is used to measure right-of-use assets.

If ownership of the underlying asset is due to be transferred to the Company at the end of the lease tenor, or if the cost of right-of-use asset already reflects the Company's intent to exercise the option to purchase, the Company shall begin recognizing depreciation on right-of-use assets from the commencement date until the end of useful life. Otherwise, the Company is required to recognize depreciation from the commencement date until the end of useful life of the right-of-use asset or until the end of the lease tenor, whichever the earlier.

The Company adopts IAS 36 - "Asset impairment" to determine whether right-of-use assets exhibit signs of impairment and account for any impairment losses identified.

Except for leases that meet the criteria for and are accounted as short-term lease or lease of low-value asset, the Company recognizes both right-of-use assets and lease liabilities on the balance sheet, and lease-related depreciation and interest expenses on the statement of comprehensive income.

The Company accounts lease payments associated with short-term lease and lease of low-value asset as expense over the lease tenor on a straight-line basis or using an alternative systematic approach.

Where the Company is the lessor

The Company classifies each lease arrangement into an operating lease or financing lease on the contract establishment date. A lease is classified as financial lease if virtually all risks and returns associated with ownership of the underlying asset are transferred; otherwise, the lease is classified as an operating lease. On the commencement date, the Company recognizes assets held under financial lease arrangement on balance sheet, and presents financial lease receivable at the amount of net lease investments.

For contracts that contain both lease component and non-lease component, the Company adopts IFRS 15 and allocates considerations of contracts accordingly.

The Company recognizes lease payments received from operating leases as rental income on a straight-line basis or using alternative systematic basis. In an operating lease, variable lease payments that are not derived from any particular index or rate are recognized as rental income at the time occurred.

13. Intangible asset

Intangible assets that are acquired separately are measured at cost at initiation. For intangible assets acquired through business combination, cost is determined as fair value as of the acquisition date. After initial recognition, book value of intangible assets is subsequently presented at cost less accumulated amortization and accumulated impairment loss. Intangible assets generated internally that do not meet the recognition criteria are not capitalized, but recognized in profit or loss at the time occurred.

Intangible assets are distinguished into those with finite useful lives and those with indefinite useful lives.

Finite useful life intangible assets are amortized over the number of useful years, and subjected to impairment tests if there are signs of impairment. Useful life and method of amortization for finite useful life intangible assets are reviewed at the end of each financial year. If an asset's expected useful life differs from the previous estimate or if there is a change to how future economic benefits are realized, the Company will adjust the period and method of amortization and treat the adjustment as a change in accounting estimate.

Indefinite useful life intangible assets are not amortized, but are subjected to impairment tests as a standalone asset or as part of the cash-generating unit yearly. Indefinite useful life intangible assets are evaluated each year to determine whether there are events or circumstances that continue to support the assets' useful life are indefinite. If changing from indefinite useful life to finite useful life that apply will be postponed.

Gains or losses arising from the derecognition of intangible assets are recognized in profit or loss.

Computer software

Cost of computer software is amortized on a straight-line basis over the estimated useful life (1 to 5 years).

	Computer software
Useful life	Finite
Amortization method	Amortized on a straight-line basis over the estimated useful life
Internally generated or externally acquired	Externally acquired

14. Impairment on non-financial assets

All assets subject to IAS 36 - "Asset impairment" are evaluated whether there is a sign of impairment at the end of each reporting period. If there is a sign of impairment or a yearly impairment tests on particular asset is needed, the Company will conduct the impairment tests as a standalone asset or as part of the cash-generating unit. Impairment losses are recognized if the impairment test shows book value of the asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is the higher between the net fair value and the utilization value.

For assets except for goodwill, the Company conducts regular assessments at the end of each reporting period to determine whether impairment losses recognized in previous periods have reduced or no longer exist. If so, the Company immediately estimates the recoverable amount of the asset or cash-generating unit. Impairment losses are reversed if the recoverable amount increases due to a change in estimated service potential of the underlying asset. However, the asset's book value after reversal of impairment losses cannot exceed the amount of book value less depreciation or amortization before the impairment took place.

Impairment losses and reversal gains from continuing operations are recognized in profit or loss.

15. Provisions

Provisions are recognized on current obligations (legally or constructive) given rise by a past event, for which the Company is very likely to incur an outflow of economic benefit or resource to settle such an obligation, and that the amount of obligation can be estimated reliably. When the Company expects some or all of its provisions to be reimbursed, the Company will recognize assets separately only when the reimbursement is almost confirmed. In circumstances where time value of money has a significant impact, the provision is discounted using the pre-tax interest rate that appropriately reflects the specific risk characteristics of the liability. When discounting, any increase in the amount of liability due to passage of time is recognized as borrowing cost.

Provisions for warranty

Provisions for warranty are estimated base on the terms of product sale contracts, and the management's best estimate of future economic benefit outflows of warranty obligations (based on historical warranty experience).

16. Revenue recognition

Revenue from contracts with customers mainly involves sale of merchandise and rendering of service. Accounting treatments are as explained below:

Sales of merchandise

The Company recognizes revenue on sale of merchandise when the promised merchandise has been delivered to the customer and that the customer has control of the merchandise (i.e. the customer is able to make use of the merchandise and access virtually all remaining benefits on the merchandise). Most of the merchandises sold are electronic equipment of high unit price, for which revenues are recognized based on prices stated in individual contracts. Other merchandises are often sold with discount (based on sales volume accumulated within a defined period), therefore revenue is recognized at prices stated in individual contracts less estimated discounts. The Company estimates how volume-based discounts affect variable consideration using previous experience and expected value. However, variable consideration is only taken into account if, and to the extent that, it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. Meanwhile, expected volume discount is recognized as refund liabilities in period of agreement.

Warranty represents the Company's assurance that the merchandise supplied will function within customers' expectations, and is recognized according to IAS 37.

The Company sells merchandises with a credit term of 30-120 days. For most contracts, accounts receivable is recognized when the Company transfers control of merchandise and obtains an unconditional entitlement to receive consideration. Such accounts receivable is usually short in duration and there is no significant financial component. For some contracts that merchandise is transferred to customer but does not obtain unconditional entitlement to receive consideration yet, the Company would recognize contract assets instead. According to IFRS9, loss provisions on contract assets should be measured based on Lifetime Expected Credit Losses.

<u>Rendering of service</u>

The services provided by the Company are mainly maintenance, warranty, and design. Such services are priced individually or through negotiation, and provided during the contract period. Service income is recognized over time, considering that the Company renders services in a period of time specified in contract and customers generate benefits from product throughout contract duration, thereby the performance obligation is fulfilled progressively over time, and service income is recognized over time.

For the majority of the Company's contracts, consideration is collected over equal installments after services are rendered. Contractual assets are recognized when services are rendered to customers without unconditional entitlement to collect consideration. However, in certain contracts where partial consideration is collected from customers in advance at the time of signing, the Company bears the obligation to provide subsequent services and therefore recognizes contractual liabilities.

In the above situation, the reclassification of contractual liabilities into income generally do not exceed one year, and hence has not given rise to significant financing component.

17. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized into part of the cost of the respective assets. All other borrowing costs are expensed in the period incurred. Borrowing cost includes interest and other costs incurred in relation to the borrowing of capital.

18. Post-employment benefit plans

The Company's retirement policy applies to all permanent employees. All pension contributions are placed entirely under the management of the Labor Pension Supervisory Committee and deposited into a dedicated pension fund account. Since the above pension fund is being held under the name of the Labor Pension Supervisory Committee, it is completely separate from the Company's assets and hence excluded from the parent company only financial statements presented above.

For employees under the Post-employment benefit plans of defined contribution plan, the Company makes monthly pension contributions totaling no less than 6% of employees' salary. The amounts contributed are recognized as current period expense.

For employees that are subject to Post-employment benefit plans of defined benefit plan, provisions are made at the end of the reporting period based on actuarial report using the Projected Unit Credit method. Remeasurement of net defined benefit liabilities (assets) includes return on plan asset and any change in the effect of asset cap, less the amount of net interest on the net defined benefit liabilities (assets) and actuarial gains/losses. Remeasurement of net defined benefit liabilities (assets) is recognized in other comprehensive income in the periods they occur, and recognized immediately into retained earnings. Service costs for the previous period represent changes in the present value of defined benefit obligations due to plan amendment or curtailment, and are recognized as expense on the earlier of the two dates below:

(1) When the plan is amended or curtailed; and
(2) When the Company recognizes related restructuring costs or termination benefits.

Net interest on net defined benefit liabilities (assets) is determined by multiplying net defined benefit liabilities (assets) with the discount rate. Both variables are determined at the beginning of annual reporting period, and changes in net defined benefit liabilities (assets) due to contributions and benefit payments during the period are evaluated thereafter.

19. Income tax

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current income tax and deferred income tax.

Current income tax

Current income tax liabilities (assets) for the current and previous periods are measured using statutory or substantively enacted tax rates and tax laws at the end of the reporting period. Current income taxes that arise in relation to accounts recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or in equity respectively instead of profit or loss.

Additional income tax for undistributed earnings is recognized as income tax expense on the date when the distribution proposal is approved in the shareholder's meeting.

Deferred income tax

Deferred income tax is recognized on temporary differences between the tax basis of assets and liabilities and book value shown in the balance sheet as of the end of the reporting period.

All taxable temporary differences are recognized as deferred income tax liabilities, except for the two circumstances below:

(1) Initial recognition of goodwill; or of an asset or liability that do not arise from transactions of the corporate entity, and at the time of transaction, affects neither accounting profit nor taxable profit (loss) nor gives rise to equal taxable and deductible temporary differences.
(2) Taxable temporary difference that arises from investment in subsidiaries, provided that the timing of reversal can be controlled and the difference is very unlikely to reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences, unused tax losses, and carry forward of unused tax credit to the extent that the Company is likely to earn taxable income to offset them in the future, except for the two circumstances below:

(1) Deductible temporary difference arising from initial recognition of an asset or liability that is unrelated to transactions of the corporate entity, and at the time of transaction, affects neither accounting profit nor taxable profit (loss) nor gives rise to equal taxable and deductible temporary differences.
(2) Deductible temporary difference arising from investment in subsidiaries, which is recognized only to the extent that the difference is very likely to be reversed in the foreseeable future and that sufficient taxable income can be earned to realize the temporary difference.

Deferred income tax assets and liabilities are measured using tax rate that is expected to apply in the year when the asset is realized of the liability is settled. This tax rate is determined based on the tax rate and tax laws that have been enacted of substantively enacted at the end of the reporting period. Deferred income tax liabilities and assets represent tax impacts of the method by which the entity expects to recover/settle the book value of its assets and liabilities at the end of the reporting period. Deferred income taxes unrelated to any profit or loss account are not recognized in profit or loss, but are instead recognized in other comprehensive income or directly in equity depending on the nature of the transaction. Deferred income tax asset is re-examined and recognized at the end of each reporting period.

Current portions of deferred income tax assets and liabilities can be offset against each other only if the entity is legally entitled to do so, and that the deferred income taxes are attributed to the same taxpayer and the same tax authority.

(V) Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

When preparing parent company only financial statements, the management is required to make judgments, estimates, and assumptions as at the end of the reporting period, which will affect the amounts of income, expenses, assets, and liabilities reported and disclosure of contingent liabilities. Uncertainties associated with these significant assumptions and estimates may cause the entity to make significant adjustments to the book value of assets or liabilities in the future.

1. Judgment

When applying accounting policies for the preparation of financial statements, the management is required to make several significant judgments.

These include:

Operating lease commitments - where the Company is the lessor

Lease arrangements in which the Company retains significant risk and return associated with property ownership, according to the assessments on the terms of the lease agreement, are accounted as operating leases.

2. Estimates and assumptions

Estimates and assumptions made about the future at the end of the reporting period for significant but uncertain sources of information may result in significant risks for material adjustments to the book value of assets and liabilities in the next financial year. Explanation is as follows:

(1) Fair value of financial instruments

When fair value of a financial asset and financial liability shown on balance sheet cannot be obtained through active market, the fair value will be determined using valuation technique, such as the income approach (e.g. discounted cash flow model) or market approach. Changes in the assumptions used in these models will affect the fair value of financial instruments reported. Please see Note XII for more details.

(2) Inventories valuation

Due to the fact that inventory is valued at the lower of cost or net realizable value item by item, the Company is required to exercise judgment and estimates to determine the net realizable value of inventory at the end of the reporting period.

Dur to rapidly changing technologies, the Company estimates the net realizable value of inventory for normal waste, obsolescence and market value at the end of reporting period and then writes down the cost of inventories to net realizable value. Inventory valuation is estimated primarily based on inventory characteristics, utilization value, historical experience, and market price, and therefore may give rise to significant changes. See Note VI for more details.

(3) Post-employment benefit plans

Pension cost and present value of defined benefit obligations of Post-employment benefit plans are determined using actuarial valuations. The actuarial valuation involves several different assumptions, including: discount rate and expected salary changes. Please see Note VI for details on the assumptions used to measure pension cost and defined benefit obligations.

(4) Revenue recognition - sales return and discount

The Company estimates sales return and discount based on historical experience and other known factors, and accounts them as contra items to operating revenues when merchandise is sold. The aforementioned estimates of sales return and discounts are based on the amount of the accumulated revenue recognized in major reversals is highly unlikely to happen based on the premise. See Note VI for more details.

(5) Receivables - estimation of impairment losses

The Company estimates impairment loss of receivables by measuring the lifetime expected credit losses. Credit loss is determined as the present value of differences between contractual cash flow that is due to the Company under contracts (book value) and cash flow the Company expects to receive (after evaluating forward-looking information), but considering that the effect of discounting is insignificant for short-term receivables, credit loss is measured using the undiscounted differences. Significant impairment losses may arise if actual cash flow is less than expectation in the future. See Note VI for details.

(6) Income tax

Uncertainty of income tax lies in the interpretation of complex tax laws and the amount and timing of future taxable income. Due to the wide range of international business relationships and the long-term nature and complexity of contracts, differences between the actual outcome and the assumptions made previously or future changes to such assumption may necessitate future adjustments to income tax benefits and expenses already recognized. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of provision is recognized after taking into account different factors such as: past tax audit experience and the different interpretations of tax law between the subject of tax and the applicable tax authority. Differences in interpretation may give rise to various issues depending on where the Company is located.

(All amounts in NTD thousands unless otherwise specified)

Unused tax losses and tax credits carried into subsequent periods and deductible temporary differences are recognized as deferred income tax assets to the extent that the entity is very likely to earn taxable income to offset against. The amount of deferred income tax assets recognizable is determined based on the timing and level of future taxable income and taxable temporary differences, as well as future tax plans and strategies. See Note VI for details of deferred income tax assets that the Company had not recognized as at December 31, 2023.

(VI) Notes to Major Accounts

1. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	$155	$155
Demand and check deposit	1,195,277	849,991
Total	$1,195,432	$850,146

2. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Investment in equity instruments at fair value through other comprehensive income - non-current:		
TWSE/TPEX listed shares	$30,768	$26,341
Unlisted shares	29,200	27,950
Total	$59,968	$54,291

(1) The Company acquired 2,000 thousand shares of Ausenior Information Co., Ltd., an unlisted company, in the first quarter of 2022, at a cost of NT$26,000 thousand.

(2) The Company recognized NT$3,088 thousand and NT$3,014 thousand of dividend income for the years ended December 31, 2023 and 2022, respectively from investment in equity instruments at fair value through other comprehensive income held in possession. This income was related to investments that remained in possession as at the balance sheet date.

(All amounts in NTD thousands unless otherwise specified)

(3) None of the Company's financial assets at fair value through other comprehensive income was placed as collateral.

3. Notes receivable

	December 31, 2023	December 31, 2022
Notes receivable - arising from operating activities	$11,368	$10,342
Less: loss provisions	-	-
Total	$11,368	$10,342

None of the Company's notes receivables was placed as collateral.

The Company assesses impairment according to IFRS 9. Please see Note VI.16 for information on loss provisions and Note XII for credit risk-related information.

4. Accounts receivable and installment accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$448,764	$369,602
Installment accounts receivable	69,991	120,677
Less: unrealized interest income - installment accounts receivable	(3,796)	(5,144)
Accounts receivable - related parties	2,665	452
Subtotal (total book value)	517,624	485,587
Less: loss provisions	(5,327)	(3,911)
Total	$512,297	$481,676

Expected recovery of installment accounts receivable is as follows:

	December 31, 2023	December 31, 2022
No more than 1 year	$49,713	$81,740
1 to 2 years	10,668	30,165
2 years and above	9,610	8,772
Total	$69,991	$120,677

(All amounts in NTD thousands unless otherwise specified)

None of the Company's accounts receivable was placed as collateral. Credit terms granted to customers are generally 30 days to 120 days after the end of the month of acceptance inspection.

The Company had accounts receivable and installment accounts receivable balance outstanding at NT$517,624 thousand on December 31, 2023 and NT$485,587 thousand on December 31, 2022. See Note VI.16 for information on loss provisions and Note XII for credit risk-related information.

5. Inventories

	December 31, 2023	December 31, 2022
Net inventory - merchandise	$2,087,674	$2,198,171

Cost of inventory, consultation, and maintenance recognized as expenses for the years ended December 31, 2023 and 2022 were NT$4,313,908 thousand and NT$4,289,958 thousand respectively. These amounts included NT$448 thousand of gain on reversal of inventory devaluation and obsolescence for the year ended December 31, 2023, and NT$1,481 thousand of loss on inventory devaluation and obsolescence for the year ended December 31, 2022, respectively.

Provisions for inventory devaluation and obsolescence as at December 31, 2023 and 2022 were reported at NT$4,308 thousand and NT$4,756 thousand, respectively.

None of the above inventory was pledged as collateral.

6. Prepayments

	December 31, 2023	December 31, 2022
Prepaid purchases	$607,180	$527,572
Other prepaid expenses	69,145	57,713
Total	$676,325	$585,285

7. Investments accounted for using the equity method

Details of the Company's investments accounted for using the equity method:

(All amounts in NTD thousands unless otherwise specified)

	December 31, 2023		December 31, 2022	
Name of investee	Amount	Percentage of shareholding	Amount	Percentage of shareholding
Stark Technology Inc. (USA)	$11,095	100%	$11,574	100%
Pacific Ace Holding International Ltd.	254,640	100%	368,730	100%
Stark Information (Hong Kong) Limited (Note)	-	-	2,011	100%
SRAIN Investment Co., Ltd.	603,718	100%	569,365	100%
Total	$869,453		$951,680	

Note: The board of directors passed the resolution on July 28, 2023 to initiate the dissolution and liquidation process of Stark Information (Hong Kong) Limited. As of December 31, 2023, the dissolution and liquidation had not been completed yet.

Investments in subsidiaries are presented as "Investments accounted for using the equity method" in the parent company only financial statements, with valuation adjustments made as necessary.

8. Property, plant and equipment

	December 31, 2023	December 31, 2022
Owner-occupied property, plant and equipment	$495,417	$440,059

(All amounts in NTD thousands unless otherwise specified)

	Land	Buildings	Transportation equipment	Office equipment	Lease improvements	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:								
January 1, 2023	$291,892	$203,110	$4,727	$35,447	$8,059	$578	$-	$543,813
Additions	-	3,353	79	1,696	3,114	-	57,200	65,442
Disposals	-	(6,152)	(1,981)	(5,406)	-	(209)	-	(13,748)
Reclassification	-	-	-	8,237	-	-	-	8,237
December 31, 2023	$291,892	$200,311	$2,825	$39,974	$11,173	$369	$57,200	$603,744
January 1, 2022	$291,892	$202,009	$4,645	$42,353	$5,830	$578	$-	$547,307
Additions	-	1,287	82	5,393	2,229	-	-	8,991
Disposals	-	(186)	-	(13,823)	-	-	-	(14,009)
Reclassification	-	-	-	1,524	-	-	-	1,524
December 31, 2022	$291,892	$203,110	$4,727	$35,447	$8,059	$578	$-	$543,813
Depreciation and impairment:								
January 1, 2023	$-	$78,977	$1,852	$18,160	$4,316	$449	$-	$103,754
Depreciation	-	5,525	575	8,991	1,667	105	-	16,863
Disposals	-	(6,152)	(523)	(5,406)	-	(209)	-	(12,290)
December 31, 2023	$-	$78,350	$1,904	$21,745	$5,983	$345	$-	$108,327
January 1, 2022	$-	$73,763	$1,072	$23,104	$3,135	$310	$-	$101,384
Depreciation	-	5,400	780	8,879	1,181	139	-	16,379
Disposals	-	(186)	-	(13,823)	-	-	-	(14,009)
December 31, 2022	$-	$78,977	$1,852	$18,160	$4,316	$449	$-	$103,754
Net book value:								
December 31, 2023	$291,892	$121,961	$921	$18,229	$5,190	$24	$57,200	$495,417
December 31, 2022	$291,892	$124,133	$2,875	$17,287	$3,743	$129	$-	$440,059

The Company did not capitalize any interest for the years ended December 31, 2023 and 2022.

Major components of buildings include: main structure, air conditioning, and renovation, which are depreciated over useful lives of 51-56 years, 6 years, and 6 years, respectively.

None of the above property, plant and equipment was pledged as collateral.

(All amounts in NTD thousands unless otherwise specified)

9. Intangible asset

	Computer software
Cost:	
January 1, 2023	$8,726
Addition - acquisition by separate purchase	1,341
Reduction - removal in the current period	(4,431)
Reclassification in the current period	-
December 31, 2023	$5,636
January 1, 2022	$16,860
Addition - acquisition by separate purchase	1,845
Reduction - removal in the current period	(9,979)
Reclassification in the current period	-
December 31, 2022	$8,726
Amortization and impairment:	
January 1, 2023	$5,821
Amortization	2,822
Reduction - removal in the current period	(4,431)
December 31, 2023	$4,212
January 1, 2022	$8,872
Amortization	6,928
Reduction - removal in the current period	(9,979)
December 31, 2022	$5,821
Net book value:	
December 31, 2023	$1,424
December 31, 2022	$2,905

Amortization amount of intangible assets:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Administrative expenses	$2,822	$6,927
Research and development expenses	$-	$1

(All amounts in NTD thousands unless otherwise specified)

10. Other non-current assets

	December 31, 2023	December 31, 2022
Other non-current assets - others	$3,399	$1,661

11. Short-term loans

	December 31, 2023	December 31, 2022
Unsecured bank loans	$-	$150,000
Interest rate range	-%	1.65%~1.875%

The Company had undrawn short-term credit facilities of NT$2,179,818 thousand and NT$1,771,948 thousand as at December 31, 2023 and December 31, 2022, respectively.

12. Provisions

	Warranty	
	For the year ended December 31, 2023	For the year ended December 31, 2022
Beginning of period	$5,108	$11,917
Additions in the current period	14,380	13,949
Utilization in the current period	(6,321)	(8,697)
Reversals in the current period	(4,635)	(12,061)
End of the period	$8,532	$5,108

Warranty

This provision was made by estimating future product warranty claims, which involved use of historical experience, the management's judgment and other known factors.

13. Post-employment benefit plans

Defined Contribution Plans

The retirement policy that the Company has established in accordance with the "Labor Pension Act" introduces a defined contribution plan. According to the Labor Pension Act, the Company is required to make monthly pension fund contributions at an amount no less than 6% of employee's monthly salary. The Company has established a set of employee retirement policy according to the Labor Pension Act, and has been making monthly contributions to employees' pension fund accounts held with the Bureau of Labor Insurance at 6% of salary.

The amounts of recognized pension expenses related defined to contribution plan for the years ended December 31, 2023 and 2022 were NT$26,189 thousand and NT$24,328 thousand respectively.

Defined Benefit Plans

The pension policy that the Company has established in accordance with the "Labor Standards Act" introduces a defined benefit plan. Employees' pension benefits were paid based on their years of service and their average salaries during the one month when retirement is approved. Employees are awarded 2 pension basis points for every year of service under (including) 15 years, and 1 pension basis point for every year of service above 15 years, subject to a maximum of 45 pension basis points. The Company makes monthly pension contributions equivalent to 2% of employees' monthly gross salaries in accordance with the Labor Standards Act. These contributions are deposited into the dedicated account held with the Bank of Taiwan in the name of Labor Pension Fund Supervisory Committee. The Company also evaluates the balance of the above-mentioned labor pension fund account before the end of each year. In the event that the account is estimated to be short of balance to pay the amount of estimated pension benefits to workers who are expected to meet their retirement criteria in the following year, the Company is required to reimburse the shortfall in one contribution before the end of March the following year.

(All amounts in NTD thousands unless otherwise specified)

Assets are allocated according to Ministry of Labor's Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. Fund assets are managed through a combination of self-management and mandate, using both active and passive medium-to-longer term investment strategies. The Ministry of Labor has imposed risk limits and control measures on market, credit, and liquidity risks, so that fund assets are not exposed to excessive risk while being given the flexibility to achieve target returns. Plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks. Shortfalls may be reimbursed by the public treasury subject to approval of the authority. Since the Company is not involved in the operation and management of the fund, it is unable to disclose the fair value of plan assets according to IAS 19 Section 142.

As at December 31, 2023, the Company expected to make contributions totaling NT$3,170 thousand to the defined benefit plan in the next year.

As at December 31, 2023 and 2022, weighted average duration of the Company's defined benefit obligations was 4 years and 5 years, respectively.

A breakdown of defined benefit plan costs recognized through profit or loss is explained in the chart below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Service costs for the current period	$3,192	$2,884
Net interest on net defined benefit liabilities (assets)	309	232
Total	$3,501	$3,116

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	December 31, 2023	December 31, 2022	January 1, 2022
Present value of defined benefit obligations	$161,153	$155,339	$159,873
Fair value of plan assets	(136,593)	(128,891)	(125,636)
Net defined benefit liabilities - non-current	$24,560	$26,448	$34,237

(All amounts in NTD thousands unless otherwise specified)

Reconciliation of net defined benefit liabilities (assets):

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2022	$159,873	$(125,636)	$34,237
Service costs for the current period	2,884	-	2,884
Interest expense (income)	1,087	(855)	232
Subtotal	163,844	(126,491)	37,353
Remeasurement of defined benefit liabilities (assets):			
Actuarial gains/losses due to change of financial assumption	(4,079)	-	(4,079)
Adjustment based on past experience	5,309	(5,826)	(517)
Subtotal	1,230	(5,826)	(4,596)
Benefits paid	(9,735)	9,735	-
Employer's contribution	-	(6,309)	(6,309)
December 31, 2022	155,339	(128,891)	26,448
Service costs for the current period	3,192	-	3,192
Interest expense (income)	1,817	(1,508)	309
Subtotal	160,348	(130,399)	29,949
Remeasurement of defined benefit liabilities (assets):			
Actuarial gains/losses due to change of financial assumption	399	-	399
Adjustment based on past experience	406	(217)	189
Subtotal	805	(217)	588
Employer's contribution	-	(5,977)	(5,977)
December 31, 2023	$161,153	$(136,593)	$24,560

(All amounts in NTD thousands unless otherwise specified)

Below are the main assumptions used for the Company's defined benefit plan:

	December 31, 2023	December 31, 2022
Discount rate	1.14%	1.17%
Expected rate of salary increase	1.00%	1.00%

Sensitivity analysis per major actuarial assumption:

	2023		2022	
	Increase in defined benefit obligations	Decrease in defined benefit obligations	Increase in defined benefit obligations	Decrease in defined benefit obligations
0.5% increase in the discount rate	$-	$3,264	$-	$3,777
0.5% decrease in the discount rate	3,691	-	4,197	-
0.5% rise in the expected salary increase rate	3,671	-	4,177	-
0.5% fall in the expected salary increase rate	-	3,283	-	3,801

The above-mentioned sensitivity analysis shows how reasonable changes in a single actuarial estimate (e.g.: discount rate or expected salary) may affect defined benefit obligations while other assumptions remain unchanged. However, there are limitations to this approach, as some actuarial assumptions are intercorrelated and it is rare to see only one actuarial assumption change in practice.

Methodology and assumption for sensitivity analysis of current period is consistent with those of the previous period.

14. Equity

(1) Ordinary share

The Company had authorized capital of NT$3,400,000 thousand (20,000 thousand shares of which were reserved for the exercise of employee warrants) as at December 31, 2023 and December 31, 2022. Each share carries a face value of NT$10 and can be issued in multiple offerings. Paid-up capital amounted to NT$1,063,603 thousand and outstanding shares totaled 106,360 thousand on all two dates. Each share is entitled to one voting right and the right to receive dividends.

(All amounts in NTD thousands unless otherwise specified)

(2) Capital surplus

	December 31, 2023	December 31, 2022
Premium on consolidation	$148,259	$148,259
Premium on conversion of convertible bonds	18,255	18,255
Total	$166,514	$166,514

According to regulations, capital surplus cannot be used for any purpose other than reimbursing previous losses. If the Company has no cumulative losses, capital surpluses that arise from shares issued at premium and gifts received may be capitalized into share capital, up to a certain percentage of paid-in capital per year; these capital surpluses may also be distributed in cash among shareholders at the current ownership percentage.

(3) Earnings appropriation and dividend policy

According to the Articles of Incorporation, annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserve (unless legal reserves have accumulated to an amount equal to share capital). Any surpluses remaining shall then be subject to provision or reversal of special reserve, as the laws may require. The residual balance can then be added to unappropriated earnings carried from previous years and retained or distributed to shareholders as a form of profit sharing, subject to resolution in a shareholder meeting.

Shareholders' profit sharing can be paid in cash or shares; however, the cash portion shall be no less than 10% of total dividends.

The Company operates in the high-tech industry and is susceptible to the industry's enterprise life cycle. Dividends shall be allocated after taking into consideration several factors including: current and future investment environment, capital requirement, domestic/foreign competition, capital budget, shareholders' expectations, balanced dividends, and the Company's long-term financial plan. Dividend distribution plans are to be proposed by the board of directors and presented for final resolution in shareholder meeting on a yearly basis.

(All amounts in NTD thousands unless otherwise specified)

The Company will be required to provide additional special reserves to make up for the shortfall between the balance of special reserves provided during the first-time adoption of IFRS and the net balance of other contra equity items in years it decides to distribute available earnings. If there is any subsequent reversal of the net decrease in other equity, the reversed part of the net decrease in other equity may be reversed to the special reserve, and be distributed to investors.

In accordance with the order via a letter issued by the FSC on March 31, 2021 referenced Jin-Guan-Zheng-Fa No. 1090150022, if the International Financial Reporting Standards is adopted for the first time, for the unrealized revaluation value addition and cumulative translation adjustment (benefit) in the account which are transferred to retained earnings due to the adoption of the exemption item of IFRS 1 "First Adoption of IFRS" on the conversion date, a special reserve shall be allocated. Subsequently, when the company uses, disposes of, or reclassifies the relevant assets, it may reverse the proportion of the original special reserve for distribution of earnings.

As at December 31, 2023, the Company had NT$144 thousand of special reserve that were provided due to first-time adoption of IFRS.

The Company's 2023 and 2022 earnings appropriation proposal and dividends per share were proposed and resolved during the board of directors meeting held on February 29, 2024 and annual general meeting held on May 29, 2023, respectively. Details are as presented below:

	Earnings appropriation plan		Dividends per share (NTD)	
	2023	2022	2023	2022
Legal reserve	$78,395	$73,885		
Cash dividends on ordinary shares	706,232	665,815	$6.64	$6.26

Please refer to Note VI.18 for the amount of employee remuneration and director remuneration recognized and the basis of estimation.

(All amounts in NTD thousands unless otherwise specified)

15. Operating revenue

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenues from sale of merchandise	$3,770,985	$3,942,074
Revenues from rendering of service	2,127,550	1,845,431
Other operating revenues	7,280	7,355
Total	$5,905,815	$5,794,860

Information relating to revenue from contracts with customers for the years ended December 31, 2023 and 2022:

(1) Breakdown of revenue

	Operating segment	
	For the year ended December 31, 2023	For the year ended December 31, 2022
Sales of merchandise	$3,770,985	$3,942,074
Rendering of service	2,127,550	1,845,431
Others	7,280	7,355
Total	$5,905,815	$5,794,860
Timing of revenue recognition:		
At a point in time	$3,778,265	$3,949,429
Over time	2,127,550	1,845,431
Total	$5,905,815	$5,794,860

(2) Contract balance

A. Contract assets - current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of merchandise and rendering of service	$209,562	$244,763	$187,000
Less: loss provisions	(1,624)	(3,794)	(11,027)
Total	$207,938	$240,969	$175,973

(All amounts in NTD thousands unless otherwise specified)

Major changes in the balance of contract assets for the years ended December 31, 2023 and 2022 are explained below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Amount of beginning balance reclassified into accounts receivable in the current period	$(235,391)	$(168,563)
Changes were measured based on level of completion	$200,190	$226,326

The Company assesses impairment according to IFRS 9. Please see Note VI.16 for information on loss provisions and Note XII for credit risk-related information.

B. Contract liabilities - current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of merchandise and rendering of service	$1,533,332	$1,307,406	$972,764

Major changes in the balance of contract liabilities for the years ended December 31, 2023 and 2022 are explained below:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Amount of beginning balance reclassified into revenue in the current period	$(1,058,607)	$(784,588)
Current increase in advanced receipt (less amounts incurred and reclassified into revenue in the current period)	$1,284,533	$1,119,230

(3) Allocation of transaction price into unfulfilled contractual obligations

As at December 31, 2023, the Company had allocated NT$5,013,589 thousand of transaction price into unfulfilled (including partially unfulfilled) contractual obligations; 86.78% of which are expected to be recognized as revenue in 2024, whereas the remainder will be recognized as revenue on and after 2025.

(All amounts in NTD thousands unless otherwise specified)

(4) Assets recognized from costs of acquiring and fulfilling customer contracts

None.

16. Expected credit impairment reversal gain

	For the year ended December 31, 2023	For the year ended December 31, 2022
Operating expenses - expected credit impairment (loss) reversal gain		
Contract assets	$(61)	$(51)
Accounts receivable	815	657
Installment accounts receivable	-	1,045
Total	$754	$1,651

Please see Note XII for credit risk-related information.

All of the Company's contract assets and receivable (including notes receivable, accounts receivable, and installment accounts receivable) have loss provisions measured based on Lifetime Expected Credit Losses. Credit loss is recognized as the difference between the book value of contract assets/accounts receivable and the present value of expected cash flow (prospective information). For short-term receivables, however, credit loss is not measured using present value difference as the effect of discounting is insignificant. Loss provisions as at December 31, 2023 and 2022 are explained below:

Contract assets and accounts receivables are divided into groups based on counterparties' credit rating, location, and industry, and a provision matrix is used to measure loss provisions. Relevant details are presented below:

(All amounts in NTD thousands unless otherwise specified)

December 31, 2023

Group 1	Not past due (Note 1)	Past due Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$632,441	$52,982	$27,195	$9,569	$3,259	$11,720	$737,166
Loss ratio	0.8%	0.6%	0.6%	0.6%	0.6%	1.2%	
Lifetime expected credit losses	(4,879)	(302)	(157)	(59)	(20)	(146)	(5,563)
Net amount	$627,562	$52,680	$27,038	$9,510	$3,239	$11,574	$731,603

Group 2 (Note 2)	Not past due (Note 1)	Past due Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$-	$-	$-	$-	$-	$1,388	$1,388
Loss ratio	-	-	-	-	-	100%	
Lifetime expected credit losses	-	-	-	-	-	(1,388)	(1,388)
Net amount	$-	$-	$-	$-	$-	$-	$-

December 31, 2022

Group 1	Not past due (Note 1)	Past due Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$667,271	$51,368	$11,225	$1,186	$122	$8,132	$739,304
Loss ratio	0.9%	0.6%	0.5%	0.7%	0.8%	1.8%	
Lifetime expected credit losses	(5,799)	(305)	(57)	(8)	(1)	(147)	(6,317)
Net amount	$661,472	$51,063	$11,168	$1,178	$121	$7,985	$732,987

(All amounts in NTD thousands unless otherwise specified)

Group 2 (Note 2)	Not past due (Note 1)	Past due: Within 30 days	Past due: 31-60 days	Past due: 61-90 days	Past due: 91-120 days	Past due: 121 days and above	Total
Total book value	$-	$-	$-	$-	$-	$1,388	$1,388
Loss ratio	-	-	-	-	-	100%	
Lifetime expected credit losses	-	-	-	-	-	(1,388)	(1,388)
Net amount	$-	$-	$-	$-	$-	$-	$-

Note 1: All notes receivable and contract assets are not past due; loss provisions are measured based on Lifetime expected credit losses.

Note 2: The Company measures loss provision for individual counterparties based on Lifetime Expected Credit Losses. Credit loss is recognized as the difference between the book value of contract assets/accounts receivable and the present value of expected cash flow.

Changes in loss provisions on contractual assets, notes receivable, and accounts receivable for the years ended December 31, 2023 and 2022 are explained below:

	Contract assets	Accounts receivable	Installment accounts receivable
January 1, 2023	$3,794	$3,911	$-
Net recognitions (reversals) for the current period	61	(815)	-
Reclassification	(2,231)	2,231	-
December 31, 2023	$1,624	$5,327	$-
January 1, 2022	$11,027	$5,820	$8,094
Net recognitions for the current period	51	(657)	(1,045)
Actual write-offs	(7,152)	(1,384)	(7,049)
Reclassification	(132)	132	-

(All amounts in NTD thousands unless otherwise specified)

	Contract assets	Accounts receivable	Installment accounts receivable
December 31, 2022	$3,794	$3,911	$-

17. Lease

(1) Where the Company is the lessee

The Company leases several types of asset, including buildings, transportation equipment, and office equipment. Lease tenor of each contract is from 1 to 10 years.

Effects of leases on the Company's financial position, financial performance, and cash flow are explained below:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

Book value of right-of-use assets

	December 31, 2023	December 31, 2022
Buildings	$9,768	$11,824
Transportation equipment	16,567	12,435
Office equipment	1,180	1,135
Total	$27,515	$25,394

Right-of-use assets increased by NT$20,132 thousand and NT$16,734 thousand for the years ended December 31, 2023 and 2022, respectively.

(b) Lease liabilities

	December 31, 2023	December 31, 2022
Lease liabilities	$27,838	$25,729
Current	$13,309	$9,815
Non - current	14,529	15,914
Total	$27,838	$25,729

(All amounts in NTD thousands unless otherwise specified)

Please see Note VI.19(4) - Financial cost for interest expenses on lease liabilities for the year ended December 31, 2023, and Note XII.5 - Liquidity risk management for maturity analysis of lease liabilities as at December 31, 2023.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	For the year ended December 31, 2023	For the year ended December 31, 2022
Buildings	$9,968	$8,850
Transportation equipment	7,302	4,041
Office equipment	741	751
Total	$18,011	$13,642

C. Income, expenses, and losses relating to lease activities as a lessee

	For the year ended December 31, 2023	For the year ended December 31, 2022
Short-term lease expense	$2,599	$2,805

D. Cash outflow relating to lease activities as a lessee

The Company incurred NT$21,213 thousand and NT$17,216 thousand of lease-related cash outflow for the years ended December 31, 2023 and 2022.

(All amounts in NTD thousands unless otherwise specified)

18. Summary of employee benefit, depreciation, and amortization expenses by function:

By function / By nature	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses	$88,002	$669,060	$757,062	$85,719	$681,046	$766,765
Wages and salaries	74,913	569,245	644,158	73,781	596,407	670,188
Labor and national health insurance expenses	6,933	47,388	54,321	6,280	43,957	50,237
Pension expenses	3,870	25,820	29,690	3,767	23,677	27,444
Directors' remuneration	-	5,710	5,710	-	3,786	3,786
Other employee benefit expenses	2,286	20,897	23,183	1,891	13,219	15,110
Depreciation expenses	-	34,874	34,874	-	30,021	30,021
Amortization expenses	-	2,822	2,822	-	6,928	6,928

Note:

1. As of December 31, 2023 and 2022, the company had 615 and 577 employees respectively; the number of directors without concurrent role as employee was 6 in 2023 and 6 in 2022.
2. Average employee benefit expenses recognized for the years ended December 31, 2023 and 2022 totaled NT$1,234 thousand and NT$1,336 thousand, respectively.
3. Average employee salary expenses recognized for the years ended December 31, 2023 and 2022 totaled NT$1,058 thousand and NT$1,174 thousand, respectively.
4. Change in average employee salary expenses was calculated at -10%.
5. The Company's salary and remuneration policy is as follows:

   (1) Employees:

   The Company has developed competitive overall remuneration policies after taking into account the company’s overall remuneration positioning in the market, with the reference to the results of industry remuneration surveys, comprehensively consideration of the internal fairness and external competitiveness of the organization, to secure the Company's competitive advantage with respect to human resource.

A. Industry survey on salary policy
The purpose of industry survey on salary policy is to understand changes in the external labor market to ensure the Company can maintain its salary level at a certain degree of external competitiveness. Based on the survey outcome, the Company evaluates differences between its current salary payment level and the market level, as basis for the adjustments of salary level and salary combination form and structure.

B. Internal fairness of salary policy
Based on employees' job category, professional knowledge and technology, job scope and relative contribution to the Company’s value, the Company flexibly designs an overall reward policy that offers a combination of financial and non-financial rewards. This policy uses bonus incentives as a means to raise the company’s operation, teams, and individual performance.

(2) Directors:

According to the Company’s Articles of Incorporation: when the Company makes a profit for the year, the remuneration to directors shall not be higher than 5% of the balance. The board of directors is authorized to determine the level of remuneration to directors based on individual participation and contribution to the Company's operations, and in reference to the usual level of industry peers. In addition, there is regular travel allowance for directors.

Independent directors are compensated primarily based on operating result and their individual contributions to the company’s performance, which are positively related to the individual responsibilities for operation of the Company and overall performance. The Company has maintained operating and profit performance above a certain level, and exhibits relatively low risk. Independent directors are paid fixed amount of service fee for every meeting attended. Compensation policies are examined whenever deemed appropriate to conform with actual operating conditions and relevant regulations, and to seek the balance between the Company’s sustainable operation and risk control.

(3) Managers:

According to the Company’s Articles of Incorporation, when the Company makes a profit for the year, the remuneration to employee shall not be higher than 3% of the balance. Managers' remuneration includes salary and bonus. The amount of remuneration paid to each manager is determined by the Remuneration Committee after taking into consideration their education and career background, authority and responsibilities of the position, individual performance, overall contribution to corporate operations, overall performance of the Company, and peer levels. The compensation procedures shall proceed according to Article 29 of the Company Act.

Pursuant to the Articles of Incorporation, profits concluded from a financial year are subject to employee remuneration of no less than 3% and director remuneration of no more than 5%. However, profits must first be taken to offset against cumulative losses if any. Distribution of employee remuneration mentioned above can be made in cash or in shares. This decision must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of all attending directors, and subsequently reported in shareholder meeting. Please visit the "Market Observation Post System" for more information regarding employee/director remuneration resolved in board of director meetings.

Employee remuneration and director remuneration for the year ended December 31, 2023 were estimated at NT$67,000 thousand and NT$5,500 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation. Employee remuneration and director/supervisor remuneration for the year ended December 31, 2022 were estimated at NT$67,000 thousand and NT$3,300 thousand, respectively, based on profitability of that particular year. The abovementioned amounts were presented under salary expense at the time of estimation, and if the actual amount resolved by the board of directors differs from the estimate, the difference will be recognized as gain or loss for the next year.

The board of directors passed a resolution on February 29, 2024 to pay the 2023 employee remuneration and director remuneration at NT$67,000 thousand and NT$5,500 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2023 financial statements.

The board of directors passed a resolution on February 23, 2023 to pay the 2022 employee remuneration and director/supervisor remuneration at NT$67,000 thousand and NT$3,300 thousand, respectively, in cash; these amounts were indifferent from the expenses previously recognized in the 2022 financial statements.

(All amounts in NTD thousands unless otherwise specified)

19. Non-operating income and expenses

(1) Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Financial assets at amortized costs	$8,850	$6,957

(2) Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Rental income	$1,088	$1,346
Dividend income	3,088	3,014
Other income - others	75,525	46,789
Total	$79,701	$51,149

(3) Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Gain on disposal of property, plant, and equipment	$18	$-
Net gains (losses) on currency exchange	(2,047)	27,444
Others	1,200	1,200
Total	$(829)	$28,644

(4) Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest expenses on bank loans	$1,879	$1,195
Interest expenses on lease liabilities	591	463
Total	$2,470	$1,658

(All amounts in NTD thousands unless otherwise specified)

20. Composition of other comprehensive income

Composition of other comprehensive income for the year ended December 31, 2023 is explained below:

	Arising in the current period	Reclassifications in the current period	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items not reclassified into profit or loss:					
Remeasurement of defined benefit plan	$(586)	$-	$(586)	$117	$(469)
Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income	4,427	-	4,427	-	4,427
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	30,331	-	30,331	-	30,331
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	(7,091)	-	(7,091)	-	(7,091)
Total other comprehensive income (loss) for the current period	$27,081	$-	$27,081	$117	$27,198

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the year ended December 31, 2022 is explained below:

	Arising in the current period	Reclassifications in the current period	Other comprehensive income	Income tax benefits (expenses)	Amount after tax
Items not reclassified into profit or loss:					
Remeasurement of defined benefit plan	$4,596	$-	$4,596	$(919)	$3,677
Unrealized gain/loss on investments in equity instruments at fair value through other comprehensive income	(25,180)	-	(25,180)	-	(25,180)
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	(16,756)	-	(16,756)	-	(16,756)
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	6,287	-	6,287	-	6,287
Total other comprehensive income (loss) for the current period	$(31,053)	$-	$(31,053)	$(919)	$(31,972)

(All amounts in NTD thousands unless otherwise specified)

21. Income tax

Main components of income tax expense for the years ended December 31, 2023 and 2022 are explained below:

Income tax recognized in profit or loss

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current income tax expense:		
Current income tax payable	$194,705	$148,749
Adjustment of current income tax of previous years	(22,462)	(11,623)
Deferred income tax (benefits) expenses:		
Deferred income tax (benefits) expenses relating to the origination and reversal of temporary differences	(19,250)	9,075
Income tax expenses	$152,993	$146,201

Income tax recognized under other comprehensive income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Deferred income tax expense:		
Current income tax payable	$117	$(919)

Reconciliation of income tax expense and the amount of accounting profit multiplied with applicable income tax rate:

(All amounts in NTD thousands unless otherwise specified)

	For the year ended December 31, 2023	For the year ended December 31, 2022
Income before income tax from continuing operations	$936,234	$881,372
Tax amount calculated by applying the domestic statutory tax rate of related countries	$187,247	$176,274
Tax effects of non-deductible expenses	(14,999)	(18,922)
Tax effects of deferred income tax assets/liabilities	3,207	472
Adjustment of current income tax of previous years	(22,462)	(11,623)
Total income tax expense recognized in profit or loss	$152,993	$146,201

Balance of deferred income tax assets (liabilities) relating to the items below:

For the year ended December 31, 2023

	Beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	End of period
Temporary difference				
Investments accounted for using the equity method	$(60,098)	$24,008	$-	$(36,090)
Employee benefits payable	4,362	244	-	4,606
Net defined benefit liabilities - non-current	5,290	(495)	117	4,912
Unrealized losses (gains) on currency exchange	1,775	(1,837)	-	(62)
Excess allowance for doubtful accounts	3,355	(3,355)	-	-
Provisions	1,022	685	-	1,707
Deferred income tax (expense) benefit		$19,250	$117	
Net deferred income tax assets (liabilities)	$(44,294)			$(24,927)
Information presented under the balance sheet:				
Deferred income tax assets	$15,804			$11,225
Deferred income tax liabilities	$(60,098)			$(36,152)

(All amounts in NTD thousands unless otherwise specified)

For the year ended December 31, 2022

	Beginning of period	Recognized in profit or loss	Recognized in other comprehensive income	End of period
Temporary difference				
Investments accounted for using the equity method	$(51,797)	$(8,301)	$-	$(60,098)
Employee benefits payable	4,279	83	-	4,362
Net defined benefit liabilities - non-current	6,847	(638)	(919)	5,290
Unrealized losses on currency exchange	127	1,648	-	1,775
Excess allowance for doubtful accounts	3,860	(505)	-	3,355
Provisions	2,384	(1,362)	-	1,022
Deferred income tax (expense) benefit		$(9,075)	$(919)	
Net deferred income tax assets (liabilities)	$(34,300)			$(44,294)
Information presented under the balance sheet:				
Deferred income tax assets	$17,497			$15,804
Deferred income tax liabilities	$(51,797)			$(60,098)

Items not recognized as deferred income tax asset

As at December 31, 2023 and 2022, the entity had NT$867 thousand and NT$956 thousand, respectively, that were not recognized as deferred income tax assets.

Assessment of income tax return

As at December 31, 2023, the Company's income tax returns had been certified up to 2021.

22. Earnings per share (EPS)

Amount of basic earnings per share is calculated by dividing current net income attributable to parent company's ordinary shareholders by weighted average outstanding ordinary shares for the current period.

Amount of diluted earnings per share is calculated by dividing current net income attributable to parent company's ordinary shareholders by weighted average outstanding ordinary shares for the current period, including all potential dilutive ordinary shares assuming total conversion.

	For the year ended December 31, 2023	For the year ended December 31, 2022
(1) Basic earnings per share		
Current net income (NTD thousands)	$783,241	$735,171
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291
Basic earnings per share (NTD)	$7.36	$6.91
(2) Diluted earnings per share		
Current net income (NTD thousands)	$783,241	$735,171
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291
Dilutive effect:		
Employee remuneration (shares)	673,742	851,211
Weighted average outstanding ordinary shares after adjustment for dilutive effect (shares)	107,034,033	107,211,502
Diluted earnings per share (NTD)	$7.32	$6.86

There had been no other transaction that significantly changed the number of closing outstanding ordinary shares or potential ordinary shares after the reporting date up until the publication date of financial statements.

(All amounts in NTD thousands unless otherwise specified)

23. <u>Elimination of Subsidiary</u>

The board of directors passed the resolution on July 28, 2023 to initiate the dissolution and liquidation process of Stark Information (Hong Kong) Limited. The Company received a refund of capital contributions in the year of 2023 and derecognized the related assets and liabilities.

(1) The amounts of assets and liabilities related to the loss of control over Stark Information (Hong Kong) Limited are as follows:

	December 31, 2023
Assets	
Cash and cash equivalents	$2,005
Other receivables	6
Net assets after exclusion	$2,011

(2) The consideration received from the transaction and the recognition of profit or loss are as follows:

	For the year ended December 31, 2023
Cash received	$2,011
Net assets after exclusion	(2,011)
Profit or loss after exclusion for the period	(74)
Loss on disposal	$(74)

The gain on disposal is recognized in the other gains and losses section of the comprehensive income statement for the year ended December 31, 2023.

(3) Analysis of cash flow from the elimination of subsidiary

	For the year ended December 31, 2023
Cash received	$2,011
Effects of exchange rate changes	(260)
Net cash flow after exclusion	$1,751

(All amounts in NTD thousands unless otherwise specified)

(VII) Related party transactions

Transactions with related parties during the financial reporting period:

Name of related party	Relationship with the Company
Stark Technology Inc. (U.S.A.)	The Company's associated company
SRAIN Investment Co., Ltd.	The Company's associated company
Stark Inforcom Inc.	The Company's associated company
Shanghai Stark Technology Inc.	The Company's associated company
STARK (NINGBO) Technology Inc.	The Company's associated company

1. Sales

	For the year ended December 31, 2023	For the year ended December 31, 2022
The Company's associated company	$19,152	$27,929

Sales to related parties are priced by adding a 3%~20% markup to cost, through negotiation, or at 90%~99% of normal retail price. Sales to related parties are collected 30~120 days after inspection; sales to non-related parties are collected 30~90 days after inspection.

2. Purchase

	For the year ended December 31, 2023	For the year ended December 31, 2022
The Company's associated company	$4,523	$3,620

Purchases from related parties are priced by adding a 3%~30% markup to cost or through negotiation. Purchases from related parties are paid 7~30 days after delivery or 30~120 days after inspection; purchases from non-related parties are paid 30~60 days after month-end of the following month.

3. Accounts receivable - related parties

	December 31, 2023	December 31, 2022
The Company's associated company	$2,665	$452
Less: loss provisions	-	-

Net amount	$2,665	$452

4. Accounts payable - related parties

	December 31, 2023	December 31, 2022
The Company's associated company	$2,009	$573

5. Rental income

	For the year ended December 31, 2023	For the year ended December 31, 2022
The Company's associated company	$1,076	$1,334

6. Other expense

	For the year ended December 31, 2023	For the year ended December 31, 2022
The Company's associated company	$9	$98

7. Compensation for key management of the Company

	For the year ended December 31, 2023	For the year ended December 31, 2022
Short-term employee benefits	$115,982	$92,144
Post-employment benefits - pension	2,848	8,233
Total	$118,830	$100,377

(VIII) Pledged assets

The Company had placed the following assets as collaterals:

Item	December 31, 2023	December 31, 2022	Details of debts secured
Other financial assets - current	$2,597	$7,651	Performance guarantee
Other financial assets - non-current	8,507	4,796	Performance guarantee
Total	$11,104	$12,447	

(IX) Significant contingent liabilities and unrecognized contract commitments

Unrecognized contract commitments

1. The Company had engaged financial institutions to provide NT$40,182 thousand of performance and customs guarantee for various projects.

2. The Company had issued NT$14,535 thousand of guaranteed notes to customers and banks to secure sales and borrowing limits.

Contingency

1. The company received a criminal incidental civil lawsuit complaint related to the criminal case of the company's employees violating the Securities and Exchange Act, filed by the Taiwan Taipei District Court. FUJIFILM Business Innovation Taiwan Co., Ltd. (hereinafter referred to as Fujifilm) filed a criminal incidental civil lawsuit against other companies, individuals, the Company and the Company's vice president surnamed Gao, a total of 15 defendants, requesting if one of the 15 defendants pays all or part of the damages, the other defendants are exempted from the obligation to pay within the scope of the payment.

   For the above-mentioned criminal incidental civil lawsuit filed by Fujifilm against the Company, this is a civil lawsuit incidental to a criminal case. Typically, it will be transferred to the civil court after the first-instance criminal judgment, and there will be no civil procedure for the time being.

2. The Company received a complaint of civil lawsuit filed by the Taiwan Taipei District Court. Fujifilm filed a civil lawsuit against other companies, individuals, the Company and the Company's vice president surnamed Gao, a total of 18 defendants, requesting if one of the 18 defendants pays all or part of the damages, the other defendants are exempted from the obligation to pay within the scope of the payment. On November 27, 2023, both parties agreed in court to suspend the litigation proceedings. From the agreed suspension date, if no further legal action is taken within four months, it will be considered as withdrawal of the lawsuit or appeal.

   For the above-mentioned civil lawsuit filed by Fujifilm against the Company, the Company had appointed a lawyer to handle it.

(All amounts in NTD thousands unless otherwise specified)

As at December 31, 2023, the Company has assessed that the aforementioned events will not have a significant impact on the Company's current operations.

(X) Losses from Major Disasters

None.

(XI) Significant Subsequent Events

None.

(XII) Others

1. Types of financial instrument

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through other comprehensive income	$59,968	$54,291
Financial assets at amortized costs		
Cash and cash equivalents (excluding cash on hand)	1,195,277	849,991
Receivables	513,930	459,545
Long-term receivables	18,690	37,080
Other financial assets	11,104	12,447
Refundable deposits	169,843	157,466
Subtotal	1,908,844	1,516,529
Total	$1,968,812	$1,570,820
Financial liabilities		
Financial liabilities at amortized costs:		
Short-term loans	$-	$150,000
Payables	1,208,189	1,097,652
Lease liabilities	27,838	25,729
Guarantee deposits	7,098	5,606
Total	$1,243,125	$1,278,987

2. Purpose and policy of financial risk management

The Company has set its financial risk management goals to primarily manage market risks, credit risks, and liquidity risks relating to operating activities. The abovementioned risks are identified, measured, and managed according to the Company's policies and risk preference.

The Company has implemented appropriate policies, procedures, and internal controls for the management of financial risks mentioned above. All important financial activities are subject to review by the board of directors and Audit Committee in accordance with rules and the internal control system. The Company is required to duly comply with its financial risk management rules when carrying out financial management activities.

3. Market risk

Changes in the market price of financial instruments is the type of market risk that the Company is most concerned with. Market risk may cause fluctuation in the fair value or cash flow of financial instruments, and mainly includes exchange rate risk, interest rate risk, and other price risk.

In practice, however, it is extremely rare to see only one risk variable changing at one time. Although risk variables tend to be correlated to some degree, the sensitivity analysis below has not taken into consideration the inter-correlation of risk variables.

Exchange rate risk

The Company’s exchange rate risk exposure is mainly associated with operating activities (when the currency of income or expense is different from the Company’s functional currency) and net investments in foreign operations.

Some of the Company's foreign currency receivables and foreign currency payables are denominated in the same currencies, which create natural hedge to some extent. However, the Company did not adopt hedge accounting as natural hedge does not conform with the requirements for hedge accounting. Meanwhile, net investments in foreign operations represent strategic investments, therefore the Company did not hedge this exposure.

Sensitivity analysis for exchange rate risk is conducted on monetary items denominated in key foreign currencies as at the balance sheet date, and the analysis evaluates how a strengthening/weakening of foreign currency affects the Company's profits and equity. Exchange rate risks of the Company are mainly attributed to the volatility of USD currency.

Sensitivity analysis for the currency is provided below:

If NTD strengthened/weakened against USD by 1%, profits for the years ended December 31, 2023 and 2022 would have decreased/increased by NT$248 thousand and NT$24 thousand, whereas equity would have decreased/increased NT$113 thousand and NT$137 thousand, respectively.

Interest rate risk

Interest rate risk refers to fluctuations in the fair value or future cash flow of a financial instrument due to changes in market interest rate. The Company's exposure to interest rate risk arises mainly from loans borrowed at floating rate. However, given that the Company currently has no such loan outstanding, it is not exposed to any material interest rate risk.

Equity price risk

The Company holds TWSE/TPEX listed as well as unlisted equity securities; the fair value of investments may be affected by uncertainties associated with the future value. All TWSE/TPEX listed and unlisted equity securities held by the Company are classified as equity instruments at fair value through other comprehensive income. The Company manages equity price risk of equity securities through diversified investment and by setting investment limits on single and a portfolio of instruments. Information on portfolio of equity securities has to be provided to the Company's management on a regular basis; the board of directors is required to verify and approve all decisions concerning investment of equity securities.

A 10% rise/fall in the price of TWSE/TPEX listed shares held as investments in equity instruments at fair value through other comprehensive income would have affected the Company's equity by NT$3,077 thousand and NT$2,634 thousand for the years ended December 31, 2023 and 2022, respectively.

4. Credit risk management

Credit risk refers to the possibility of financial losses suffered due to counterparties becoming unable to fulfill contractual obligations. The Company's credit risk exposure mainly arises from operating activities (primarily accounts receivable and notes receivable) and financing activities (primarily bank deposits and financial instruments).

All departments of the Company manage credit risks according to prevailing policies, procedures, and controls. Counterparty credit risk is evaluated after taking into consideration each counterparty's financial position, external credit rating, historical transactions, the current economic environment, and the Company's internal rating standards, etc. The Company uses credit enhancement tools (such as advanced receipt and insurance) at appropriate times to minimize credit risk of specific counterparties.

(All amounts in NTD thousands unless otherwise specified)

The Company's top 10 customers accounted for 17% and 16% of total contract assets and accounts receivable balance as at December 31, 2023, and 2022, respectively. Judging by the above, there was no concentration of credit risk in the Company's contract assets and accounts receivable.

The Finance Department manages credit risk of bank deposits and other financial instruments according to Company policies. All counterparties of the Company are approved according to internal control procedures, and consist entirely of reputable banks, investment-grade financial institutions, companies, and government agencies, hence no major credit risk exists.

The Company assesses expected credit losses according to IFRS 9. Information relating to credit risk assessment is presented below:

			Total book value	
Credit risk grade	Indicator	Method of measuring expected credit loss	December 31, 2023	December 31, 2022
Simplified approach (Note)	(Note)	Lifetime expected credit losses	$738,554	$740,692

Note: The Company adopts the simplified approach (loss provision is measured based on Lifetime expected credit losses); the assessment covers contract assets, notes receivable, accounts receivable, and installment accounts receivable.

5. Liquidity risk management

The Company uses cash and cash equivalents, marketable securities, bank loans, leases, and contracts to maintain financial flexibility.

The following table shows maturity of financial liabilities as stated in contract terms and conditions. The dates represent the earliest times at which the Company may be required to make repayments, whereas the amounts are undiscounted and include agreed interests. Undiscounted amounts of floating interest cash flow are estimated using yield curve as at the balance sheet date.

(All amounts in NTD thousands unless otherwise specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
December 31, 2023					
Payables	$1,208,189	$-	$-	$-	$1,208,189
Lease liabilities	13,729	13,164	1,641	-	28,534
December 31, 2022					
Short-term loans	$150,708	$-	$-	$-	$150,708
Payables	1,097,652	-	-	-	1,097,652
Lease liabilities	10,237	13,440	2,844	-	26,521

Derivative instruments

The Company held no derivative instrument as at December 31, 2023 and 2022.

6. Reconciliation of liabilities relating to financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2023	$150,000	$5,606	$25,729	$181,335
Non - cash movement	-	-	20,723	20,723
Cash flow	(150,000)	1,492	(18,614)	(167,122)
December 31, 2023	$-	$7,098	$27,838	$34,936

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2022	$70,000	$2,696	$22,943	$95,639
Non - cash movement	-	-	17,197	17,197
Cash flow	80,000	2,910	(14,411)	68,499
December 31, 2022	$150,000	$5,606	$25,729	$181,335

7. Fair value of financial instruments

(1) Fair value assessment techniques and assumptions

Fair value refers to the price that market participants are able to receive for selling an asset, or the price that has to be paid to transfer a liability, in an orderly transaction on the measurement date. The Company has adopted the following techniques and assumptions when measuring and disclosing fair values of financial assets and liabilities:

A. Book value of cash and cash equivalents, receivables, payables, and other current liabilities closely resemble their fair value due to their short maturity.

B. Financial assets and liabilities that are traded on active markets at standard terms and conditions shall have fair value determined by market quotation (e.g. TWSE/TPEX listed shares, beneficiary certificates, and bonds).

C. Equity instruments without active market (e.g. privately placed shares of TWSE/TPEX listed companies, shares of unlisted public and private companies without active market) shall have fair value estimated using the market approach, which infers fair values from transaction price or other relevant information (such as discount for lack of liquidity, P/E and P/B ratios of similar companies etc.) of same or comparable equity instruments.

D. For debt instruments without quotation in active market, Short-term loans, and other non-current liabilities, fair value is determined by counterparty's quotation or through the use of valuation technique. The valuation technique takes a discounted cash flow approach, and assumptions such as interest rate and discount rate are established in reference to instruments of similar nature.

(2) Fair value of financial instruments carried at cost after amortization

Book value of financial assets and liabilities carried at amortized costs closely resemble their fair value.

(3) Fair value hierarchy for financial instruments

See Note XII.8 for information relating to fair value hierarchy for financial instruments.

8. Fair value hierarchy

(1) Definition of fair value hierarchy

For all assets and liabilities measured or disclosed at fair value, fair value measurement is categorized in their entirety in the level of the lowest level input that is significant to the entire measurement. The different levels of inputs used are explained below:

Level 1 input: Quotations that can be obtained from an active market (unadjusted) on the measurement date for asset or liability of equivalent nature.

Level 2 input: Inputs that can be observed directly or indirectly on an asset or liability, except for quotations covered in level 1 input.

Level 3 input: Inputs that cannot be observed for an asset or liability.

Assets and liabilities that are recognized on financial statements on a recurring basis shall have classification reassessed on each balance sheet date to determine if transfer of fair value hierarchy has taken place.

(2) Information on fair value hierarchy

The Company did not have any asset that is measured at fair value on a non-recurring basis. Hierarchy of assets and liabilities with recurring fair value measurement is explained below:

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Equity instruments measured at fair value through other comprehensive income				
Stock	$30,768	$-	$29,200	$59,968

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Equity instruments measured at fair value through other comprehensive income				
Stock	$26,341	$-	$27,950	$54,291

Transfer of fair value hierarchy between level 1 and level 2

There had been no transfer of fair value hierarchy between level 1 and level 2 for the years ended December 31, 2023 and 2022 that involved assets or liabilities with fair value measured on a recurring basis.

Transfer of level 3 input for recurring fair value measurements

There had been no transfer of level 3 input that involved assets or liabilities with recurring fair value measurement.

Information on the use of significant unobservable inputs in level 3 fair value measurement

The following significant unobservable inputs were used for level 3 measurement of assets with recurring fair value measurement:

(All amounts in NTD thousands unless otherwise specified)

December 31, 2023:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between input and fair value	Sensitivity analysis on relationship between input and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Asset Approach	Discount for lack of liquidity	20%	The higher the lack of liquidity, the lower the fair value estimate	If P/E ratio of a similar share rises (falls) by 10%, the Company's profits would increase (decrease) by NT$2,920 thousand.

December 31, 2022:

	Valuation technique	Significant unobservable input	Quantitative information	Relationship between input and fair value	Sensitivity analysis on relationship between input and fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stock	Asset Approach	Discount for lack of liquidity	20%	The higher the lack of liquidity, the lower the fair value estimate	If P/E ratio of a similar share rises (falls) by 10%, the Company's profits would increase (decrease) by NT$2,795 thousand.

(3) Mandatory disclosure of fair value hierarchy for items not measured at fair value: None.

9. Significant foreign currency-denominated financial assets and liabilities

The Company had the following significant foreign currency-denominated financial assets and liabilities:

Unit: thousand

	December 31, 2023		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$1,296	30.63	$39,683
SGD	62	23.18	1,444
Investments accounted for using the equity method			
USD	370	30.63	11,335
Financial liabilities			
Monetary items:			
USD	1,121	30.63	34,331

	December 31, 2022		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$13,179	30.67	$404,198
SGD	51	22.75	1,164
Investments accounted for using the equity method			
USD	446	30.67	13,665
Financial liabilities			
Monetary items:			
USD	232	30.67	7,110

Due to the broad diversity of functional currencies used, the Company was unable to disclose exchange gains/losses on monetary financial assets and liabilities separately for each significant foreign currency. The Company incurred NT$(2,047) thousand and NT$27,444 thousand of (losses) gains on currency exchange for the years ended December 31, 2023 and 2022, respectively.

10. Capital management

The primary goals of the Company's capital management are to maintain robust credit rating and sound capital ratios in ways that support business operation and maximization of shareholders' equity. The Company manages and adjusts capital structure based on changes in economic circumstances. The Company maintains and adjusts capital structure through: adjustment of dividend payment, refund of share capital, or issuance of new shares.

(XIII) Other Disclosures

1. Information related to significant transactions:

(1) Loans to external parties: None.

(2) Endorsements/guarantees provided for others:

Serial No. (Note 1)	Name of the company providing an endorsement/ guarantee	The endorsed/guaranteed		Limits on endorsement/ guarantee amount provided to a single entity (Note 3)	Maximum balance for the period (Note 4)	Outstanding endorsement/ guarantee amount at the end of the period (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsement/ guarantee secured with collateral	Cumulative amount of endorsement / guarantee as a percentage of net equity stated in the latest financial statements	Maximum endorsement/ guarantee amount allowed (Note 3)	Provision of endorsement/ guarantee by parent company to subsidiary (Note 7)	Subsidiary's guarantee/ endorsement to parent company (Note 7)	Provision of endorsement/ guarantee to the party in Mainland China (Note 7)
		Name of the company	Relationship (Note 2)										
1	Stark Inforcom Inc.	The Company	4	$240,444	$214	$214	$ 214	-	0.01%	$480,889	-	Y	-

Note 1: Explanation to the serial number column:

1. 0 for the Company.
2. Investees are numbered in sequential order starting from 1; serial number should be consistent for the same company.

Note 2: The relationship between endorsement/guarantee providers and guaranteed parties are classified as follows:

1. Business that the Company has business dealing with.
2. Business in which the Company holds more than 50% direct or indirect voting interest.
3. Business that holds more than 50% direct or indirect voting interest in the Company.
4. Business in which the Company holds more than 90% direct or indirect voting rights.
5. Peer or partner of a construction contract that the Company is in need to provide cross guarantees for.
6. Investee of a joint investment arrangement for which the Company and other shareholders have issued endorsements/guarantees proportionate to ownership interest.
7. Peer of a property pre-sale contract for which the Company has issued performance guarantee in accordance with the Consumer Protection Act.

Note 3: According to subsidiaries' endorsement and guarantee procedures, endorsements/guarantees to a single business shall not exceed 50% of current net equity; total endorsements/guarantees to external parties shall not exceed 100% of current net equity. According to parent company's endorsement and guarantee procedures, endorsements/guarantees to any single subsidiary in which the Company holds more than 90% ownership interest shall not exceed 50% of net equity shown in the Company's latest financial statements, whereas endorsements/guarantees to other external parties shall not exceed 10% of the Company's net equity per entity or 50% of the Company's net equity on an aggregate basis, as shown in the latest financial statements.

Note 4: Represents the maximum balance of endorsement/guarantee during the year.

Note 5: Represents board of directors approved amount. If the Chairman has been authorized by the board of directors to make decisions according to Subparagraph 8, Article 12 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the column shall represent Chairman-approved amount.

Note 6: Represents the actual amount utilized by the guaranteed/endorsed within the endorsement/guarantee limit.

Note 7: Specify "Y" only for: endorsement/guarantee from a TWSE/TPEX listed parent to a subsidiary, endorsement/guarantee from a subsidiary to a TWSE/TPEX listed parent, or endorsement/guarantee to the Mainland China area.

(All amounts in NTD thousands unless otherwise specified)

(3) Holding of marketable securities at the end of the period (not including investment in subsidiaries, associates and joint ventures):

Name of the investor	Type of marketable security	Name of marketable security	Relationship between the securities issuer and the Company	Financial statement account	End of the period			
					Shares / units	Book value	Percentage of shareholding	Fair value
Stark Technology Inc.	TWSE-listed stock	ITEQ Corporation	-	Financial assets at fair value through other comprehensive income - non-current	362,829	$30,768	0.10%	$30,768
	Stock	DWINS Digital Service Corp.	-	Financial assets at fair value through other comprehensive income - non-current	1,151	-	0.04%	-
	Stock	Cloud Intelligent Operation Technology Co., Inc	Stark Technology Inc. is the director of Cloud Intelligent Operation Technology Co., Inc	Financial assets at fair value through other comprehensive income - non-current	320,000	3,200	16.00%	3,200
	Stock	Ausenior Information Co., Ltd.	Stark Technology Inc. is the director of Ausenior Information Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	2,000,000	26,000	13.33%	26,000
SRAIN Investment Co., Ltd.	TWSE-listed stock	ITEQ Corporation	-	Financial assets at fair value through other comprehensive income - non-current	187,614	15,910	0.05%	15,910
	TWSE-listed stock	Zero One Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,054,422	68,959	0.68%	68,959
	TPEX-listed stock	Genesis Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	38,629	2,526	0.04%	2,526
	TPEX-listed stock	Dimerco Data System Corporation	-	Financial assets at fair value through other comprehensive income - non-current	340	39	-%	39
	Stock	Hua Chih Venture Capital Corp.	SRAIN Investment Co., Ltd. is the director of Hua Chih Venture Capital Corp.	Financial assets at fair value through other comprehensive income - non-current	16,304	163	3.26%	163
	Stock	Incomm Technologies Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	90	-	0.01%	-
	Stock	LOLA Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	788,901	7,389	15.78%	7,389
	Stock	Azalea Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	800,000	8,000	13.68%	8,000

(4) Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of paid-in capital: None.

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

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

(7) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(8) Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

(9) Trading of derivatives: None.

(All amounts in NTD thousands unless otherwise specified)

(10) Others: Major business dealings between the parent company and subsidiaries, and transactions between subsidiaries:

For the year ended December 31, 2023:

Serial No. (Note 1)	Name of transacting party	Counterparty	Relationship with the transacting party (Note 2)	Transaction summary			
				Account	Amount	Transaction terms	As a percentage of total revenues or total assets (Note 3)
0	Stark Technology Inc.	Stark Technology Inc. (USA)	1	Purchase	$3,429	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	0.06%
				Accounts payable	2,009		0.03%
0	Stark Technology Inc.	Stark Inforcom Inc.	1	Sales revenue	4,366	Selling price is determined at 90%-99% of general selling price or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.07%
				Accounts receivable	520		0.01%
				Purchase	1,094	Purchase price is determined by applying a 3%-20% markup on cost or through negotiation. Payment term is 30-120 days after acceptance inspection.	0.02%
				Rental income	962	-	0.02%
				Other expense	9	-	-%
0	Stark Technology Inc.	STARK (NINGBO) Technology Inc.	1	Sales revenue	14,786	Selling price is determined by applying a 3%-20% markup on cost or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.25%
				Accounts receivable	2,145		0.03%
0	Stark Technology Inc.	SRAIN Investment Co., Ltd.	1	Rental income	114	-	-%
1	Stark Inforcom Inc.	Stark Technology Inc. (USA)	3	Purchase	845	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	0.01%

Note 1: Business dealings between the parent company and subsidiaries are indicated in the serial number column. The numbering rule is explained below:

1. 0 for parent company.
2. Each subsidiary is numbered in sequential order starting from 1.

Note 2: Related party transactions are distinguished into one of three categories, as shown below:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: Calculation for business dealings as a percentage of total consolidated revenues or total assets is explained as follows: for balance sheet items, percentage of period-end balance is calculated relative to consolidated total assets; for profit or loss items, percentage of end-of-period cumulative amount is calculated relative to consolidated total revenues.

Note 4: Key transactions presented in this chart are determined by the Company based on principles of materiality.

2. <u>Information on business investments:</u>

Supplementary disclosure of investees in which the Company has significant influence or control for year ended December 31, 2023 (excluding Mainland China investees)

Unit: NTD thousand/USD

Name of the investor	Name of investee	Location of the investee	Main business activities	Initial investment (Note 9)		Shares held as at end of the period			Current profit (loss) of the investee (Note 1)	Investment gains (losses) recognized in the current period (Note 1)	Remarks
				End of the current period	End of the previous year	Number of shares	Percentage	Book value			
Stark Technology Inc.	Stark Technology Inc. (USA)	Note 2	Trading of computer-related products	$1,532 (USD50,000)	$1,532 (USD50,000)	500,000	100.00%	$11,095	$(308)	$(469)	-
Stark Technology Inc.	SRAIN Investment Co., Ltd.	Note 3	General investment	410,967	410,967	-	100.00%	603,718	71,499	71,499	-
Stark Technology Inc.	Pacific Ace Holding International Ltd.	Note 4	General investment	91,890 (USD3,000,000)	92,890 (USD3,000,000)	3,000,000	100.00%	254,640	11,901	11,901	-
Stark Technology Inc.	Stark Information (Hong Kong) Limited	Note 5	Trading of computer equipment and software	-	2,144 (USD70,000)	-	-	-	-	-	-
SRAIN Investment Co., Ltd.	S-Rain Investment Ltd.	Note 6	General investment	24,504 (USD800,000)	24,504 (USD800,000)	800,000	100.00%	8,443	(3,652)	-	-
SRAIN Investment Co., Ltd.	Stark Inforcom Inc.	Note 7	Trading of computer-related products	370,000	370,000	37,000,000	100.00%	480,889	69,051	-	-
Pacific Ace Holding International Ltd.	Profit Reap International Limited	Note 4	General investment	91,890 (USD3,000,000) (Note 8)	91,890 (USD3,000,000) (Note 8)	3,000,000	100.00%	254,963	11,901	-	-

Note 1: Investment gains/losses of each company is recognized as part of investment gains/losses of subsidiaries or 2nd-tier subsidiaries, and have been eliminated in the consolidated financial statements.

Note 2: 1209 Mayberry Lane San Jose, CA95131, U.S.A.

Note 3: 13F, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 4: Beaufor House, P. O. Box 438, Road Town, Tortola, British Virgin Islands

Note 5: Unit 2104, No. 16, Argyle Street (Mongkok Commercial Centre), Kowloon, Hong Kong.

Note 6: Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands

Note 7: 11F-2, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 8: Includes technology in lieu of capital - USD906,243.

Note 9: Amount of initial investment at the ends of the current and previous periods were converted using exchange rate as at December 31, 2023.

3. Information relating to investments in the Mainland China

(1) Breakdown of investments:

Unit: NTD thousand/USD

Name of the investee in Mainland China	Main business activities	Paid-in-capital amount	Investment method	Accumulated outflow of investment from Taiwan as beginning of current period	Investment flows of the period		Accumulated outflow of investment from Taiwan as end of current period	Net profit (loss) of the investee of current period	Percentage of shareholding (direct or indirect)	Investment gains (losses) recognized in the current period (Note 3)	Book value of investments in Mainland China at the end of the period (Note 3)	Investment gains recovered back to Taiwan to date (Note 3)
					Outflow	Inflow						
STARK (NINGBO) Technology Inc.	International trade, technical service and consultation, system integration, software development, and sale of computer-related equipment.	USD 3,000,000	Invested indirectly through an investee in a third location (Pacific Ace Holding International Ltd)	$91,890 (USD3,000,000)	-	-	$91,890 (USD3,000,000) (Note 1)	$21,353 (Note 4. (II), 2)	100.00%	$21,353 (Note 4. (II), 2)	$255,113	$113,151 (USD3,694,113.75)
Shanghai Stark Technology Inc.	Wholesale and import/export trade of computers and peripherals, software, office equipment, and electrical/electronic equipment, computer system design, data processing service, and supply of network information.	USD 1,160,000	Invested indirectly through an investee in a third location (S-Rain Investment Ltd)	35,531 (USD1,160,000)	-	-	35,531 (USD1,160,000)	(3,652) (Note 4. (II), 2)	100.00%	(3,652) (Note 4. (II), 2)	8,432	-
Jiangxi Solar PV Corporation	Research, development, production, and sale of solar cells and components	- (Note 2)	Invested indirectly through an investee in a third location (Solar PV Corporation)	91,890 (USD3,000,000)	-	-	91,890 (USD3,000,000)	- (Note 2)	- (Note 2)	- (Note 2)	- (Note 2)	-

Accumulated outflows of investment from Taiwan to Mainland China as end of current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$219,311 (USD7,160,000) (Note 3)	$219,311 (USD7,160,000) (Note 3)	$1,961,971 (Note 5)

Note 1: As at December 31, 2023, the Company had invested USD 906,243 into STARK (Ningbo) Technology Inc. including technology in lieu of capital.

Note 2: The entity was declared bankrupt by the local court, and had completed liquidation on May 22, 2020.

Note 3: Converting the original foreign currency amount using exchange rate as at December 31, 2023.

Note 4: With regards to investment gains/losses recognized in the current period:

(I). It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit or loss during this period.

(II). Indicate the basis for investment income (loss) recognition in the number of one of the following three categories.

1. The financial statements were audited and attested by an international accounting firm which has a cooperative relationship with an accounting firm in R.O.C.
2. The financial statements were audited and attested by R.O.C. parent company's CPA
3. Others

Note 5: Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA.

(2) Significant transactions with Mainland China investees:

A. Amount and percentage of purchases and balance and percentage of corresponding payables at the end of period: Please see Note XIII.1.(10) of the financial statements.

B. Amount and percentage of sales and balance and percentage of corresponding receivables at the end of period: Please see Note XIII.1.(10) of the financial statements.

C. Property transactions and the resulting gains or losses: None.

D. Ending balances and purposes of endorsed notes, guarantees, or pledged collaterals: Please see Note XIII.1.(2) of the financial statements.

E. Maximum balance, ending balance, interest rate range, and total interests amount of loans in the current period: None.

F. Other transactions with material impact to the current profit or loss or financial position: None.

4. Information on major shareholders: Disclosure requirements not met.

VI. Where the company or any of its affiliated companies had experienced financial distress as of the most recent year up to the publication of this annual report: None.

Seven. Review and analysis of financial position and performance and risk events

I. Review and analysis of financial position

Comparative Analysis of Financial Position Unit: NTD thousand

Year / Subject Matters	2022 Amount	2023 Amount	Discrepancies	
			Amount	%
Current assets	5,739,971	5,815,346	75,375	1.31
Property, plant and equipment	440,151	495,515	55,364	12.58
Intangible asset	2,911	1,428	(1,483)	(50.94)
Other assets	325,265	356,160	30,895	9.50
Total assets	6,508,298	6,668,449	160,151	2.46
Current liabilities	3,274,528	3,315,201	40,673	1.24
Non-current liabilities	108,443	83,297	(25,146)	(23.19)
Total liabilities	3,382,971	3,398,498	15,527	0.46
Equity attributable to owners of the parent company	3,125,327	3,269,951	144,624	4.63
Share capital	1,063,603	1,063,603	-	-
Capital surplus	166,514	166,514	-	-
Retained earnings	1,893,728	2,011,868	118,140	6.24
Other equity interests	1,482	27,966	26,484	1,787.04
Treasury stock	-	-	-	-
Non-controlling interest	-	-	-	-
Total equity	3,125,327	3,269,951	144,624	4.63

The main reasons for the changes by more than 20% and the amount of change by NT$10 million or more and the impacts are explained as follows:

1、Reduction in Non-current Liabilities: This primarily results from the repatriation of profits from China in fiscal year 2023, and a decrease in deferred tax liabilities previously estimated as realized.

2、Increase in other equities: this is mainly due to the effect of unrealized gain (loss) on the investment in equity instruments measured at fair value through other comprehensive income in 2023.

II. Review and analysis of financial performance

(I) Comparison table and analysis of financial performance

Unit: NTD thousand

Year / Subject Matters	2022 Amount	2023 Amount	Increase/decrease in amount	Change ratio (%)
Net operating revenue	6,728,995	7,270,862	541,867	8.05
Operating cost	4,994,017	5,484,495	490,478	9.82
Operating margin	1,734,978	1,786,367	51,389	2.96
Operating expenses	931,366	922,686	(8,680)	(0.93)
Operating income	803,612	863,681	60,069	7.47
Non-operating income and expenses	105,698	108,866	3,168	3.00
Income before income tax	909,310	972,547	63,237	6.95
Income tax expenses	174,139	189,306	15,167	8.71
Net income	735,171	783,241	48,070	6.54
Other comprehensive income for the current period (net of income tax)	(31,972)	27,198	59,170	(185.07)
Total comprehensive income for the period	703,199	810,439	107,240	15.25
Net income attributable to shareholders of the parent	735,171	783,241	48,070	6.54
Net income attributable to non-controlling interest	-	-	-	-
Total comprehensive income attributable to shareholders of the parent	703,199	810,439	107,240	15.25
Comprehensive income attributable to non-controlling equity	-	-	-	-
The main reasons for changes of more than 20% and the amount of changes of NT$10 million or more in the period before and after and the impact analysis are as follows: 1、Increase in other equities: Mainly due to the Unrealized gains on investments in equity instruments as at fair value through other comprehensive income being higher in fiscal year 2023.				

(II) Analysis of changes in gross profit: Gross profit between prior periods with no more than 20% change was excluded from the analysis.

III. Review and analysis of cash flow:

(1) Analysis and description of cash flow changes in the most recent year:

Unit: NTD thousand

Item	2022	2023	Changes in amount	Change ratio %
Operating activities	675,609	1,179,792	504,183	74.63
Investment activities	(67,835)	(39,153)	28,682	(42.28)
Financing activities	(530,259)	(833,864)	(303,605)	57.26
Effects of exchange rate variation	6,199	(7,041)	(13,240)	(213.58)
Total	83,714	299,734	216,020	258.05

(1) Net cash inflows from operating activities increased by NT 504,183 thousand from the previous period, mainly due to the increase in profit in 2022, resulting in the increase in net cash inflows from the previous period.

(2) Net cash outflows from investing activities decreased by 28,682 thousand compared to the previous period, mainly due to a reduction in deposits and other financial assets this period, resulting in a decreased net cash outflow compared to the previous period.

(3) Net cash outflow from financing activities increased by NT$303,605 thousand from the previous period. It is mainly due to the increase in bank borrowings and the distribution of more cash dividends, resulting in the increase in net cash outflow of the current period.

(4) As a result of the above, the net cash inflow of the current period increased by NT$216,020 thousand from the previous period.

(II) Liquidity analysis for the most recent 2 years

Item \ Year	2022	2023	Increase/decrease (%)
Cash Flow Ratio (%)	20.63	35.59	72.52
Cash Flow Adequacy Ratio (%)	55.97	89.77	60.39
Cash Flow Reinvestment Ratio (%)	2.36	14.92	532.20
Explanation of increase/decrease ratio: The cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio all increased compared to the previous period, primarily due to an increase in net cash inflows from operating activities and a reduction in inventory over the past five years.			

(III) Liquidity analysis for the coming year:

Unit: NTD thousand

Cash balance at beginning of period ①	Expected annual net cash flow from operating activities②	Projected cash outflow for the year③	Projected cash surplus (deficit) ①＋②-③	Remedies for cash deficits	
				Investment Plan	Financial Planning
$1,834,358	$805,486	$1,033,213	$1,606,631	$-	$-

(I) Analysis of cash flow changes:

A. Operating activities: Net cash inflow from operating activities is generated due to the expected stable profit.

B. Investing activities: Net cash outflow from investing activities will arise due to the expected purchase of fixed assets.

C. Financing activities: The net cash outflow from financing activities arises due to the estimated distribution of cash dividends and remuneration to directors, and so on.

In conclusion, the Company expects to have NT$1,606,631 thousand in cash remaining.

(II) Remedial measures for projected cash deficit and liquidity analysis: Not applicable.

IV. Effect of major capital expenditures on finance and business matters in the most recent year: None.

V. Re-investment policies, main causes of profit or loss, improvement plans in the previous year, and investment plans in the coming year:

The Company's reinvestment policy is mainly to expand market and strategic alliances. Please refer to page 396 for gains and losses. There is no investment plan for the upcoming one year.

VI. Risk management analysis and evaluation

(I) Risk management organizational structure and responsible unit

Department Name	Powers and responsibilities
Office of Chairman and CEO	Responsible for planning business decisions, including the balanced growth of industries and pulses, to achieve operational results and efficiency, in order to reduce strategic risks.
Audit Office	The internal control system and the implementation of various operating procedures are reviewed regularly to reasonably ensure the correctness of the operating procedures and reduce the possibility of risk occurrence.
Business Operations Center	Responsible for developing markets, extending credit to customers, monitoring market trends, and striving to achieve business goals and reduce operational risks.
Customer Service Center	Combine employees' technical direction with the market to support business promotion with comprehensive services to reduce the risk of customer churn.
Marketing Center	Responsible for collecting and creating market information, coordinating production and sales, product distribution, forecasting of inventory and flow, and analyzing market price competition to reduce the risk of unsalable products.
Finance and Accounting Center	Responsible for the dispatch and utilization of financial funds, pay attention to changes in exchange rates and interest rates, and implement hedging mechanism in a timely manner to reduce the Company's financial risks. Accurate and timely presentation of financial statements and information disclosure in order to reduce risks to investors.
Administration and Materials Center	To ensure the safety of the Company's assets and reduce operational risks, regular electrical equipment inspections are carried out on a yearly basis and is responsible for asset

Department Name	Powers and responsibilities
	preservation and management. Purchase of relevant adequate insurance policies such as commercial fire insurance (including fire insurance and theft insurance), commercial property floater insurance, and public liability insurance. It is to reduce losses and maintain normal operations.
Human Resources Center	Responsible for employees' or suppliers' human rights issues, including but not limited to risks that may arise from labor-management relations, the prohibition of child labor and forced labor, and multiple employment opportunities, and company talents development management. Enhance labor-management communication channels to drive harmonious relations, lower recruitment and retain talents, talent development mechanisms and various topics that may generate risks. In order to meet the society's expectation for joint charity activities or fund-raising with non-profit organizations, the Company shall choose a non-profit organization that is decent and has proper philosophy to reduce the possibility of litigation and disputes, and thereby reduce the risk of disputes over legal liabilities.
Legal Resource Division	Review contracts, provide in-house legal consultation, and resolve legal disputes.
Information Department	Responsible for the overall planning and implementation of ERP information equipment and network, and maintaining network information security control and protection measures in order to reduce network operation and information security risks.

(II) Impacts of changes in interest rates, effect of exchange rate changes, and inflation in the most recent year up to the publication date of the annual report and future countermeasures:

I. Foreign exchange gains and losses and interest receipts and expenses for the most recent 2 years and as of the publication date of this annual report

Unit: NTD thousand

Item	2022	2023	As of March 31, 2024
Exchange gains (losses) A	29,381	201	1,135
Interest revenue (expenses) B	11,668	14,122	1,006
Operating revenue C	6,728,995	7,270,862	1,753,473
Operating income D	803,612	863,681	225,339
A/C	0.0044	0.0000	0.0006
A/D	0.0366	0.0002	0.0050
B/C	0.0017	0.0019	0.0006
B/D	0.0145	0.0164	0.0045

Source: Financial statements audited and certified by accountants for fiscal years 2023 and 2022, and reviewed by accountants for the first quarter of fiscal year 2024.

(1) Exchange gains for fiscal year 2023 decreased compared to fiscal year 2022 mainly because the appreciation of the Taiwan dollar in 2023 led to reduced foreign exchange gains from the company’s net foreign assets compared to the previous period.

(2) Net interest income for 2023 increased compared to 2022 mainly due to an increase in interest income in fiscal year 2023.

(3) As of March 31, 2024, the exchange benefit conversion for the whole year increased compared with the year of 2023. This was mainly due to the depreciation of the Taiwan dollar for exchange rate fluctuations in 2023, which resulted in more exchange benefits in the first quarter of 2024.

(4) As of March 31, 2024, the net interest income conversion for the whole year decreased compared with the year of 2023. This was mainly due to the decrease in lease interest income and bank interest income in the first quarter of 2024.

II. Inflation in the most recent year and up to the publication date of this annual report did not materially affect the Company's profit or loss.

III. Specific measures taken by the Company in response to effect of exchange rate changes, interest rates, and inflation:

(1) For some products, purchase and sales are priced in US dollars. In order to reduce the effect of exchange rate changes fluctuations on profits, in addition to reaching agreements with major suppliers to pay for purchase in US dollars, the Company complies with the "Procedure for Derivatives Transactions" According to the regulation, companies may engage in hedging derivative transactions in order to avoid foreign exchange risks after proper evaluation and authorization.

(2) Responsible personnel regularly collect market exchange and interest rate information, as well as absorb professional information on hedging instruments in the market, so as to execute hedging operations in a timely manner.

(3) Policies on engaging in high-risk investments, highly leveraged investments, loans to others, endorsements and guarantees, and transactions of derivative instruments in the most recent year to the day this annual report was printed; main reasons for profit or loss and countermeasures to be taken in the future:

1. Engagement in high-risk investments, highly leveraged investments, loans to others, endorsements/guarantees in the most recent year, up till the publication date of this annual report: None.
2. The Company only engages in hedging transactions in derivatives and has not engaged in forward foreign exchange contracts in the most recent year.
3. Main reasons for profit or loss and countermeasures in the future: The Company has not engaged in derivative investment in the most recent year and up to the publication date of this annual report.

(4) This section covers the latest annual progress up to the date this report was published. It includes ongoing research and development projects, additional R&D costs expected, the anticipated timeline for achieving mass production, and key factors that could influence the success of these R&D efforts.

R&D plans	The current progress of the R&D plan that has yet not been completed	R&D expenses to be invested	Estimated time of completion	The main factors affecting the success of R&D in the future
Development and practice of EAR ZT zero trust security interconnection technology platform	25%	NT$ 16,000 thousand	April 2025	1. Integrate with existing information security systems and research and develop related application models 2. Combine with commercial applications to enhance the information security protection of commercial applications 3. Enter the market to find business models through field demonstrations 4. Packaging related applications are products, actual sales 5. Government Cybersecurity Requirements and Trends

(5) Impacts of changes in important policies and legal arrangements at home and abroad in the most recent year, up until the publication date of this annual report on the Company's business, and countermeasures: None.

(6) Impacts of technological changes (including cyber security risks) and industry changes on the Company's financial operations in the most recent year, up till the publication date of this annual report, and countermeasures: As the technologies changes in recent years, the Company actively recruits and trains related technical personnel and initiate to research the emerging technologies to meet the needs of customers and the market. In addition to enhancing product functionality and integration, the Company is also committed to the goal of providing customers with high value-added services to increase customer satisfaction and dependence. For the details of the Company's cyber security management structure and policies, please see Pages 200~202 of the Annual Report.

(7) Impacts of changes in the Company's corporate image on the Company's crisis management in the most recent year and up to the publication date of the annual report, and countermeasures:

Integrity is the primary principle of the Company in corporate governance and it is the most important corporate spirit in the Articles of Incorporation and corporate culture.

(8) Expected benefits and possible risks of mergers and acquisitions, and countermeasures:

Not applicable.

(9) Expected benefits and possible risks of factory expansion, and countermeasures:

Not applicable.

(10) Risks and Mitigations Associated with Concentration in Purchasing and Sales: Our company engages with over 586 suppliers and serves more than 6,000 customers. In 2023, we continued our longstanding and successful partnership with Zero One Technology Co.,

Ltd., which represented 10% of our purchasing volume. Additionally, sales to Customer A accounted for 10% of our total sales in the same year. Owing to our longstanding and seamless collaborations with OEMs and suppliers, coupled with maintaining strong relationships, we effectively mitigate any risks related to concentration in purchasing or sales.

(11) Impact and risk to the company in the event of a large-scale transfer or exchange of shares by directors, supervisors, or major shareholders with more than 10% ownership interest: Not applicable.

(12) Impacts and risks associated with any change in the management right of the company, and countermeasures: The Company has its professional team to lead the overall development and there have been no occurrence of situation in change of management right.

(13) Litigation and non-contentious cases:

1. The Group has received a criminal indictment attached with a civil lawsuit from the Taipei District Court, which was initiated by Fujifilm Information Co., Ltd. (hereafter referred to as "Fujifilm"). Fujifilm has filed this lawsuit against various companies, individuals, The Group, and our Vice President surnamed Gao, totaling 15 defendants. Fujifilm is seeking joint and several liability for damages under the Securities and Exchange Act. If any one of the defendants is adjudged liable to pay in whole or in part, the others within the scope of this payment will be correspondingly exempted from payment obligations.

   Regarding the criminal lawsuit filed by Fujifilm against The Group, it is a civil action brought alongside a criminal case. Normally, the civil proceedings will be deferred until after the criminal court at first instance delivers its verdict.

2. The Group has received a civil lawsuit from the Taipei District Court, filed by Fujifilm against The Group, our Vice President surnamed Gao, other companies, and individuals—18 defendants in total. Fujifilm is claiming joint and several liabilities for damages resulting from alleged torts under the Securities and Exchange Act. If any one of the defendants is adjudged liable to pay in whole or in part, the others are similarly exempt from payment within the determined scope. The litigation was suspended by mutual agreement of the parties in court on November 27, 2023. If the proceedings are not resumed within four months from the suspension, the lawsuit or appeal will be deemed withdrawn. In response to the civil lawsuit filed by Fujifilm against The Group, we have retained legal counsel to handle the matter.

3. As of December 31, 2023, the Company had assessed that the aforementioned incidents had no significant impact on the Company's current operations.

(14) Other important risks and countermeasures: None.

VII. Other important matters: None.

Eight. Special Disclosure

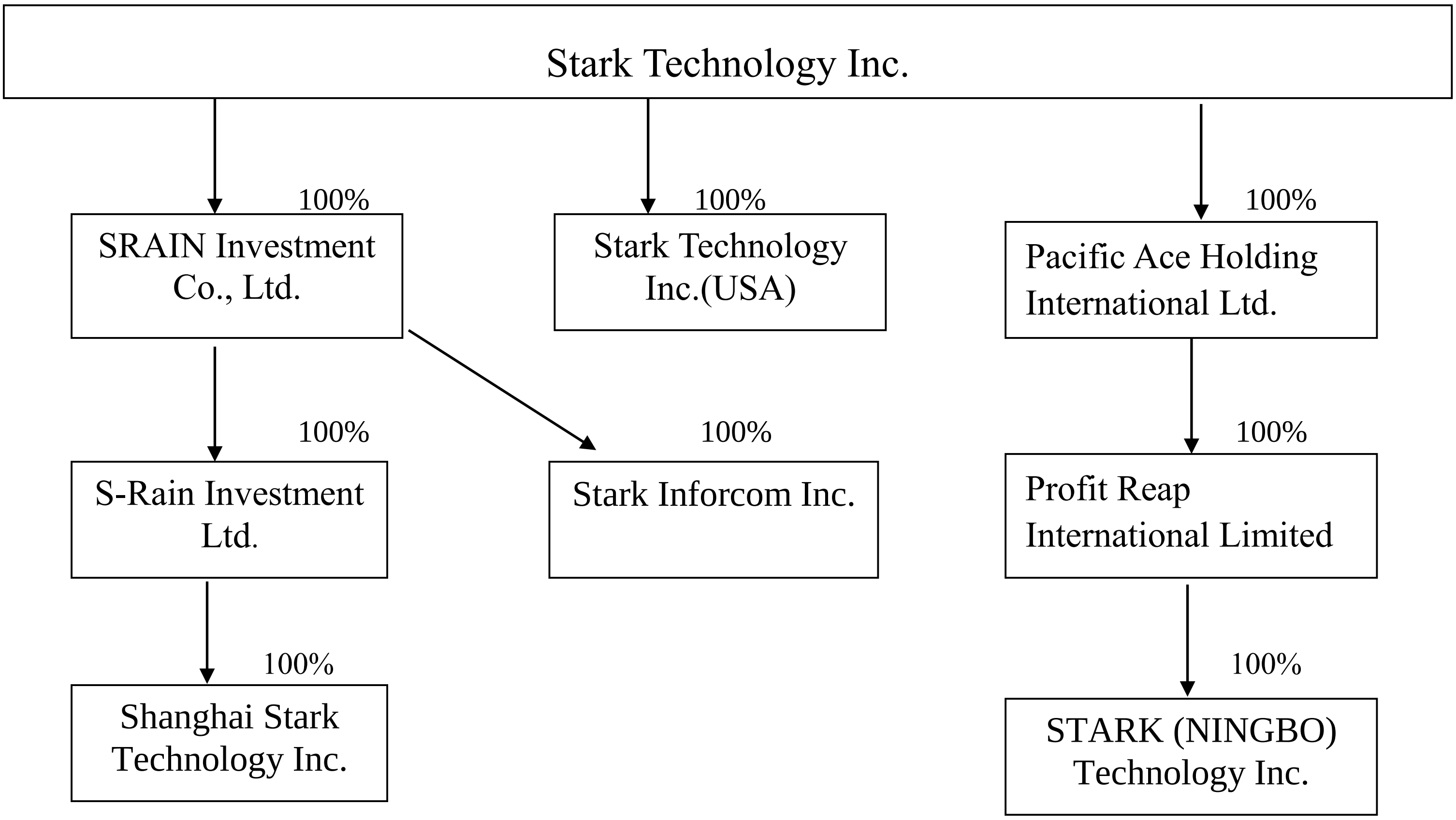
I. Information on Affiliated Companies

Consolidated Business Report of Affiliates

1. Overview of affiliates

(1) Affiliated Companies Chart

December 31, 2023



(2) Information on Affiliated Companies

December 31, 2023

Unit: NTD thousand

Company name	Date of Establishment	Address	Paid-in-capital amount	Main business operation or production line
Stark Technology Inc.(USA)	1997.03	1209 Mayberry Lane San Jose, CA95131 U.S.A	$1,532 (USD50,000)	Trading of computer-related products
SRAIN Investment Co., Ltd.	2000.07	13F, No. 83, Section 2, Dongda Road, Hsinchu City.	$439,800	General investment business
S-Rain Investment Ltd.	2000.10	Tropic Isle Building,P O Box 438,Road Town, Tortola, British Virgin Islands.	$24,504 (USD800,000)	General investment business
Pacific Ace Holding International Ltd.	2002.04	Beaufor House, P O Box 438,Road Town, Tortola, British Virgin Islands.	$91,890 (USD3,000,000)	General investment business
Profit Reap International Limited	2002.04	Beaufor House, P O Box 438,Road Town, Tortola, British Virgin Islands.	$91,890 (USD3,000,000)	General investment business
STARK (NINGBO) Technology Inc.	2003.05	Room 1102, Block D, 11F, International Development Building, Ningbo Free Trade Zone	$91,890 (USD3,000,000)	General electronics trading
Shanghai Stark Technology Inc.	2007.12	Room 2307, No. 1, Lane 600, Tianshan Road, Shanghai City	$35,531 (USD1,160,000)	General electronics trading
Stark Inforcom Inc.	2000.09	11F-2, No. 83, Section 2, Dongda Road, Hsinchu City	$370,000	Trading of computer-related products

(3) A relationship of control and subordination presumed to exist according to Article 369-3 of the Company Act: None.

(4) The overall business scope and division of labor of the affiliate:

a. Scope of the Company's Business Operations

The main business activities of our company and its affiliates primarily involve the trading of computer-related products and general investments. To develop our customer base in North America and mainland China, we established Stark Technology Inc. (U.S.A) and made indirect investments through overseas companies in STARK (Ningbo) Technology Inc. and Shanghai Stark Technology Inc. This strategic expansion enhances our operational footprint and allows us to serve local customers more effectively.

b. Division of labor

December 31, 2023

Unit: NTD thousand

<table>
<tr><th colspan="5">Terms and conditions of transactions with affiliates</th><th colspan="2">Terms and conditions of transactions with affiliates</th><th>General transaction terms</th><th colspan="2">Accounts, notes, advance sale receipts receivable (payable)</th><th colspan="3">Overdue accounts receivable</th><th rowspan="2">Remarks</th></tr>
<tr><th>Transacting party</th><th>Party</th><th>Purchase (sale) of goods</th><th>Amount</th><th>Percentage of total consolidated amount</th><th>Purchase (selling) price</th><th>Credit period</th><th>Credit period</th><th>Balance</th><th>Percentage of total consolidated amount</th><th>Amount</th><th>Disposal method</th><th>Allowance for doubtful debt</th></tr>
<tr><td rowspan="4">Stark Technology Inc.</td><td>Stark Technology Inc.(USA)</td><td>Purchase</td><td>3,429</td><td>0.05%</td><td>Plus 5%-30% of the cost or the price through negotiation</td><td>Goods to arrive 7-30 days</td><td>Monthly settlement of 30 days</td><td>2,009</td><td>0.03%</td><td>-</td><td>Not applicable.</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Stark Inforcom Inc.</td><td>Sales</td><td>4,366</td><td>0.06%</td><td>90%~99% of the sales or by negotiation</td><td>30-120 days after acceptance</td><td rowspan="3">30-120 days after acceptance</td><td>520</td><td>0.01%</td><td>-</td><td>Not applicable.</td><td>-</td><td>-</td></tr>
<tr><td>Purchase</td><td>1,094</td><td>0.02%</td><td>Plus 3%-20% of the cost or the price through negotiation</td><td>30-120 days after acceptance</td><td>-</td><td>-</td><td>-</td><td>Not applicable.</td><td>-</td><td>-</td></tr>
<tr><td>STARK (NINGBO) Technology Inc.</td><td>Sales</td><td>14,786</td><td>0.20%</td><td>Plus 3%-20% of the cost or the price through negotiation</td><td>30-120 da ys after a cceptance</td><td>2,145</td><td>0.03%</td><td>-</td><td>Not applicable.</td><td>-</td><td>-</td></tr>
</table>

Stark Inforcom Inc.	Stark Technology Inc.(USA)	Purchase	845	0.01%	Plus 5%-30% of the cost or the price through negotiation	Goods to arrive 7-30 days	Monthly settlement of 30 days	-	-	-	Not applicable.	-	-

(5) Profiles of directors, supervisors, and presidents of affiliated companies

December 31, 2023

Company name	Title	Name or Representative	Shares held	
			Number of shares	Percentage of shareholding
Stark Technology Inc.(USA)	Director President	Stark Technology Inc. Liang, Hsiu-Chung	500,000 -	100.00% -
SRAIN Investment Co., Ltd.	Director President	Liang, Hsiu-Chung, Representative of Stark Technology Inc. Liang, Hsiu-Chung	NT$439,800 thousand (capital contribution) -	100.00% -
S-Rain Investment Ltd.	Director	SRAIN Investment Co., Ltd.	800,000	100.00%
Shanghai Stark Technology Inc.	Director	S-Rain Investment Ltd.	US$1,160,000 (capital contribution)	100.00%
Pacific Ace Holding International Ltd.	Director President	Stark Technology Inc. Liang, Hsiu-Chung	3,000,000 -	100.00% -
Profit Reap International Limited	Director	Pacific Ace Holding International Ltd.	3,000,000	100.00%
STARK (NINGBO) Technology Inc.	Director	Profit Reap International Limited (Stark Yifu International Co., Ltd.)	US$3,000,000 (capital contribution)	100.00%
Stark Inforcom Inc.	Chairman	Representative of SRAIN Investment Co., Ltd. - Chen, Hsing-Chou	37,000,000	100.00%

2. Operational overview of affiliates

December 31, 2023

Unit: NTD thousand / USD thousand / CNY thousand

Company name	Amount of capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit and loss (after tax)	Earnings per share (EPS) (After-tax) (NTD)
Stark Technology Inc.(USA)	$1,532 (USD50)	$12,657 (USD413)	$1,322 (USD43)	$11,335 (USD370)	$8,905 (USD286)	$(486) (-USD16)	$(308) (-USD10)	$(0.62) (-USD0.02)
SRAIN Investment Co., Ltd.	$439,800	$603,943	$225	$603,718	-	$(450)	$71,499	-
Stark Inforcom Inc.	$370,000	$777,462	$296,573	$480,889	$1,260,263	$82,004	$69,051	$1.87
S-Rain Investment Ltd.	$24,504 (USD800)	$8,442	-	$8,442	-	-	$(3,652)	$(4.57)
Pacific Ace Holding International Ltd.	$91,890 (USD3,000)	$254,963	$323	$254,640	-	-	$11,901	$3.97
Profit Reap International Limited	$91,890 (USD3,000)	$255,235	$272	$254,963	-	(6)	$11,901	$3.97
STARK (NINGBO) Technology Inc.	$91,890 (USD3,000)	$277,504 (RMB64,596)	$22,391 (RMB5,212)	$255,113 (RMB59,384)	$120,287 (RMB27,337)	$17,327 (RMB3,938)	$21,353 (RMB4,853)	-
Shanghai Stark Technology Inc.	$35,531 (USD1,160)	$9,476 (RMB2,206)	$1,044 (RMB243)	$8,432 (RMB1,963)	$113 (RMB26)	$(3,665) (-RMB833)	$(3,652) (-RMB830)	-

(II) Consolidated financial statements of affiliated companies: Affiliated companies subject to the preparation of combined financial statements combined financial statements under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” were identical to the affiliated companies subject to the preparation of consolidated financial statements under the International Financial Reporting Standards (IFRS) 10. All mandatory disclosures of the combined financial statements have been disclosed in the consolidated financial statements, therefore no separate set of combined financial statements were prepared. Please refer to Pages 216 to 399

(III) Affiliation Report: Not applicable.

II. Private placement of marketable securities for the most recent year up to the publication of the annual report: None.

III. The shares of the Company held or disposed of by subsidiaries in the most recent year and up to the date of publication of the annual report: None.

IV. Other matters that require additional explanation: None.

IX. As of the recent year or as of the annual report publication date, any matter which has had a significant impact on shareholders rights or the price of the securities referred to in subparagraph 2, paragraph 3, Article 36 of the Securities and Exchange Act: None.

Company culture

Maintain the spirit of entrepreneurship
Pursuit of customer satisfaction

Company philosophy

Talents	Speed
Discipline	Sharing

Stark Technology Inc.
Chairman: Liang, Hsiu-Chung