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Stark Technology Inc. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Review Report

For the Six months ended June 30, 2024 and 2023

Company address: 12F-1, No. 83, Section 2, Dongda Road, Hsinchu City
TEL: (03)542-5566

Consolidated Financial Statements

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Independent Auditor's Review Report

To stakeholders of Stark Technology Inc.:

Foreword

We have reviewed the consolidated balance sheet of Stark Technology Inc. and subsidiaries as of June 30, 2024 and 2023, the consolidated statement of comprehensive income for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, consolidated statement of changes in equity for the six months ended June 30, 2024 and 2023, consolidated statement of cash flow for the six months ended June 30, 2024 and 2023, and the accompanying footnotes (including a summary of key accounting policies). It is the responsibility of the management 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 IAS 34 - "Interim Financial Reporting" approved and published by the Financial Supervisory Commission. Our responsibility as auditor is to form a conclusion based on our review.

Scope

Except for the issues discussed in the "Basis of reservation" paragraph, we, the auditors, have performed the review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". The procedures executed in our review of consolidated financial statements include inquiry (mainly with employees responsible for financial and accounting affairs), analysis and other review-related processes. The scope of financial statement review is significantly smaller than a financial statement audit, therefore we may not be able to detect all material issues through the steps we have taken, and are therefore unable to provide an opinion.

Basis of reservation

As mentioned in Note (IV).3 of the consolidated financial statements, some of the non-material subsidiaries were consolidated using financial statements for the corresponding periods that were not reviewed by CPAs. As at June 30, 2024 and 2023, these subsidiaries aggregately reported total assets of NT$1,295,099 thousand and NT$1,401,725 thousand that represented 19.49% and 22.26% of consolidated total assets, and total liabilities of NT$349,669 thousand and NT$396,803 thousand that represented 9.66% and 11.59% of consolidated total liabilities, respectively. These subsidiaries also reported total comprehensive income of NT$14,560 thousand, NT$9,081 thousand, NT$36,724 thousand and NT$29,841 thousand that represented 6.14%, 5.04%, 7.92% and 7.23% of consolidated total comprehensive income for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, respectively. Furthermore, information relating to the abovementioned subsidiaries, as disclosed in Note (XIII) of the consolidated financial statements, were not CPA-reviewed.

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Reservations

Based on the reports we have reviewed, 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 or the version of IAS 34 - "Interim Financial Reporting" approved by the Financial Supervisory Commission, or compromised the fair view of the consolidated financial position of Stark Technology Inc. and subsidiaries as at June 30, 2024 and 2023, or the consolidated financial performance for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023 or consolidated cash flow for the six months ended June 30, 2024 and 2023, except for the issues discussed in the "Basis of reservation" paragraph, where financial statements and information of non-material subsidiaries had yet to be reviewed by CPAs, and may cause adjustments to the consolidated financial statements.

Ernst & Young
Approved by competent authority to handle financial statements of public company
Approval reference: (96)-Jin-Guan-Zheng-(VI)-0960002720
(104)-Jin-Guan-Zheng-Shen-1040030902

Hsu, Hsin-Min

CPA:

Qiu, Wan-Ru

July 31, 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 June 30, 2024, December 31, 2023, and June 30, 2023

Unit: NTD thousands

Asset			June 30, 2024		December 31, 2023		June 30, 2023	
Code	Item	Notes	Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	(VI).1 and (XII)	$ 1,382,060	21	$ 1,834,358	28	$ 1,240,164	20
1140	Contract assets - current	(VI).13 and (VI).14	184,310	3	220,671	3	324,356	5
1150	Notes receivable, net	(VI).3, (VI).14 and (XII)	2,540	-	11,368	-	8,814	-
1172	Accounts receivable	(VI).4, (VI).14 and (XII)	638,682	10	566,603	8	750,005	12
1173	Installment accounts receivable	(VI).4, (VI).14 and (XII)	53,451	1	47,686	1	79,649	1
1200	Other receivables	(XII)	6,067	-	9,112	-	740	-
130x	Inventories	(VI).5	2,417,030	36	2,282,771	34	2,236,296	36
1410	Prepayments	(VI).6	770,278	11	721,792	11	729,527	12
1476	Other financial assets - current	(VIII) and (XII)	9,313	-	10,421	-	10,930	-
1478	Refundable deposits	(XII)	116,777	2	108,254	2	127,496	2
1479	Other current assets		2,586	-	2,310	-	2,138	-
11xx	Total current assets		5,583,094	84	5,815,346	87	5,510,115	88
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	(VI).2 and (XII)	211,944	3	162,954	3	148,864	2
1600	Property, plant and equipment	(VI).7	648,280	10	495,515	7	453,494	7
1755	Right-of-use assets	(VI).15	22,658	-	28,945	1	27,376	1
1780	Intangible asset	(VI).8	2,320	-	1,428	-	1,942	-
1840	Deferred income tax assets	(IV)	10,611	-	11,225	-	9,531	-
1920	Refundable deposits	(XII)	114,242	2	121,341	2	110,974	2
1933	Long-term installment accounts receivable	(VI).4, (VI).14 and (XII)	35,796	1	19,140	-	23,557	-
1980	Other financial assets - non-current	(VIII) and (XII)	12,367	-	8,507	-	8,454	-
1990	Other non-current assets	(VI).9	4,899	-	4,048	-	2,963	-
15xx	Total non-current assets		1,063,117	16	853,103	13	787,155	12
1xxx	Total assets		$ 6,646,211	100	$ 6,668,449	100	$ 6,297,270	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 June 30, 2024, December 31, 2023, and June 30, 2023

Unit: NTD thousands

Liabilities and equity			June 30, 2024		December 31, 2023		June 30, 2023	
Code	Item	Notes	Amount	%	Amount	%	Amount	%
	Current liabilities							
2130	Contract liabilities - current	(VI).13	$ 1,423,220	21	$ 1,659,643	25	$ 1,258,579	20
2150	Notes payable	(XII)	4,151	-	3,086	-	1,029	-
2170	Accounts payable	(XII)	954,824	14	1,072,167	16	938,247	15
2200	Other payables	(XII)	966,296	15	296,854	5	928,375	15
2230	Current income tax liabilities	(IV)	120,691	2	211,221	3	104,729	2
2250	Provisions	(VI).10	10,388	-	10,745	-	8,772	-
2280	Lease liabilities - current	(VI).15 and (XII)	12,681	-	14,112	-	14,800	-
2399	Other current liabilities		50,171	1	47,373	1	64,439	1
21xx	Total current liabilities		3,542,422	53	3,315,201	50	3,318,970	53
	Non-current liabilities							
2570	Deferred income tax liabilities	(IV)	37,608	1	36,152	1	61,770	1
2580	Lease liabilities - non-current	(VI).15 and (XII)	10,302	-	15,159	-	12,916	-
2640	Net defined benefit liabilities - non-current	(IV)	23,345	-	24,560	-	25,197	-
2645	Guarantee deposits	(XII)	5,116	-	7,426	-	5,933	-
25xx	Total non-current liabilities		76,371	1	83,297	1	105,816	1
2xxx	Total liabilities		3,618,793	54	3,398,498	51	3,424,786	54
31xx	Equity attributable to owners of the parent company	(VI).12						
3100	Share capital							
3110	Ordinary share		1,063,603	16	1,063,603	16	1,063,603	17
3200	Capital surplus		166,514	3	166,514	3	166,514	3
3300	Retained earnings							
3310	Legal reserve		1,095,464	17	1,017,069	15	1,017,069	16
3320	Special reserve		144	-	144	-	144	-
3350	Unappropriated retained earnings		616,799	9	994,655	15	614,095	10
	Total retained earnings		1,712,407	26	2,011,868	30	1,631,308	26
3400	Other equity interests		84,894	1	27,966	-	11,059	-
3xxx	Total equity		3,027,418	46	3,269,951	49	2,872,484	46
	Total liabilities and equity		$ 6,646,211	100	$ 6,668,449	100	$ 6,297,270	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 three months ended June 30, 2024 and 2023
For the six months ended June 30, 2024 and 2023

Unit: NTD thousands

Code	Item	Notes	For the three months ended June 30, 2024 Amount	%	For the three months ended June 30, 2023 Amount	%	For the six months ended June 30, 2024 Amount	%	For the six months ended June 30, 2023 Amount	%
4000	Net operating revenue	(VI).13	$ 1,786,850	100	$ 1,894,368	100	$ 3,540,323	100	$ 3,610,560	100
5000	Operating cost	(VI).5 and (VI).16	(1,313,398)	(74)	(1,458,942)	(77)	(2,620,376)	(74)	(2,731,015)	(76)
5900	Operating margin		473,452	26	435,426	23	919,947	26	879,545	24
6000	Operating expenses	(VI).15 and (VI).16								
6200	Administrative expenses		(210,841)	(12)	(198,950)	(10)	(410,360)	(12)	(383,503)	(10)
6300	Research and development expenses		(22,021)	(1)	(22,359)	(1)	(43,947)	(1)	(43,607)	(1)
6450	Expected credit impairment loss	(VI).14	(1,909)	-	(2,234)	-	(1,620)	-	(2,505)	-
	Total operating expenses		(234,771)	(13)	(223,543)	(11)	(455,927)	(13)	(429,615)	(11)
6900	Operating income		238,681	13	211,883	12	464,020	13	449,930	13
7000	Non-operating income and expenses	(VI).17								
7100	Interest income		6,391	1	5,383	-	7,545	-	6,832	-
7010	Other income		5,517	-	17,461	1	35,736	1	42,031	1
7020	Other gains and losses		1,879	-	4,033	-	3,522	-	(2,389)	-
7050	Finance costs		(129)	-	(136)	-	(277)	-	(586)	-
	Total non-operating income and expenses		13,658	1	26,741	1	46,526	1	45,888	1
7900	Income before income tax		252,339	14	238,624	13	510,546	14	495,818	14
7950	Income tax expense	(IV) and (VI).19	(51,798)	(3)	(47,927)	(3)	(103,775)	(3)	(93,606)	(3)
8200	Net income		200,541	11	190,697	10	406,771	11	402,212	11
8300	Other comprehensive income									
8310	Items not reclassified into profit or loss	(VI).18								
8316	Unrealized gains on investments in equity instruments as at fair value through other comprehensive income		34,274	2	2,154	-	48,990	2	21,918	1
8360	Items likely to be reclassified into profit or loss	(VI).18								
8361	Exchange differences on translation of foreign operations		2,300	-	(12,758)	(1)	7,938	-	(11,158)	-
	Other comprehensive income for the current period (net of income tax)		36,574	2	(10,604)	(1)	56,928	2	10,760	1
8500	Total comprehensive income for the period		$ 237,115	13	$ 180,093	9	$ 463,699	13	$ 412,972	12
8600	Net income attributable to:	(VI).20								
8610	Owners of the parent company		$ 200,541		$ 190,697		$ 406,771		$ 402,212	
8620	Non-controlling interest		-		-		-		-	
			$ 200,541		$ 190,697		$ 406,771		$ 402,212	
8700	Comprehensive income attributable to:									
8710	Owners of the parent company		$ 237,115		$ 180,093		$ 463,699		$ 412,972	
8720	Non-controlling interest		-		-		-		-	
			$ 237,115		$ 180,093		$ 463,699		$ 412,972	
	Earnings per share (NTD)									
9750	Basic earnings per share									
9710	Net income	(VI).20	$ 1.88		$ 1.79		$ 3.82		$ 3.78	
9850	Diluted earnings per share									
9810	Net income	(VI).20	$ 1.88		$ 1.79		$ 3.81		$ 3.77	

(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 six months ended June 30, 2024 and 2023

Unit: 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, 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 the six months ended June 30, 2023	-	-	-	-	402,212	-	-	402,212	402,212
D3	Other comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	(11,158)	21,918	10,760	10,760
D5	Total comprehensive income for the period	-	-	-	-	402,212	(11,158)	21,918	412,972	412,972
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	1,183	-	(1,183)	-	-
Z1	Balance as at June 30, 2023	$ 1,063,603	$ 166,514	$ 1,017,069	$ 144	$ 614,095	$ (29,093)	$ 40,152	$ 2,872,484	$ 2,872,484
A1	Balance as at January 1, 2024	$ 1,063,603	$ 166,514	$ 1,017,069	$ 144	$ 994,655	$ (25,026)	$ 52,992	$ 3,269,951	$ 3,269,951
	Appropriation and distribution of 2023 earnings									
B1	Appropriation of legal reserve	-	-	78,395	-	(78,395)	-	-	-	-
B5	Cash dividends on ordinary shares	-	-	-	-	(706,232)	-	-	(706,232)	(706,232)
D1	Net income for the six months ended June 30, 2024	-	-	-	-	406,771	-	-	406,771	406,771
D3	Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	7,938	48,990	56,928	56,928
D5	Total comprehensive income for the period	-	-	-	-	406,771	7,938	48,990	463,699	463,699
Z1	Balance as at June 30, 2024	$ 1,063,603	$ 166,514	$ 1,095,464	$ 144	$ 616,799	$ (17,088)	$ 101,982	$ 3,027,418	$ 3,027,418

(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 six months ended June 30, 2024 and 2023

Unit: NTD thousands

Code	Item	For the six months ended June 30, 2024 Amount	For the six months ended June 30, 2023 Amount
AAAA	Cash flow from operating activities:		
A10000	Income before income tax	$ 510,546	$ 495,818
A20000	Adjustments:		
A20010	Income, expenses and losses:		
A20100	Depreciation expenses	16,638	16,831
A20200	Amortization expenses	1,938	1,416
A20300	Expected credit impairment losses	1,620	2,505
A20900	Interest expense	277	586
A21200	Interest income	(7,545)	(6,832)
A21300	Dividend income	(4,218)	(3,843)
A22500	Losses (gains) on disposal of property, plant and equipment	147	(18)
A31000	Changes in assets/liabilities that are related to operating activities:		
A31125	Contract assets	35,598	(75,981)
A31130	Notes receivable	8,828	1,528
A31150	Accounts receivable	(97,866)	(224,485)
A31180	Other receivables	3,119	4,004
A31200	Inventories	(136,291)	287,023
A31230	Prepayments	(48,486)	(73,886)
A31240	Other current assets	(276)	(641)
A32125	Contract liabilities - current	(236,423)	(234,015)
A32130	Notes payable	1,065	(17,831)
A32150	Accounts payable	(117,343)	(100,000)
A32180	Other payables	(36,790)	(40,786)
A32200	Provisions	(357)	1,345
A32230	Other current liabilities	2,798	(11,044)
A32240	Net defined benefit liabilities	(1,215)	(1,251)
A33000	Cash (outflow) inflow from operations	(104,236)	20,443
A33100	Interests received	9,974	6,077
A33200	Dividend received	4,218	3,843
A33300	Interests paid	-	(346)
A33500	Income tax paid	(192,235)	(159,002)
AAAA	Net cash outflow from operating activities	(282,279)	(128,985)

Code	Item	For the six months ended June 30, 2024 Amount	For the six months ended June 30, 2023 Amount
BBBB	Cash flow from investing activities:		
B00020	Disposal of financial assets at fair value through other comprehensive income	-	2,720
B02700	Acquisition of property, plant and equipment	(159,111)	(15,508)
B02800	Disposal of property, plant and equipment	-	1,476
B03800	Decrease (increase) in refundable deposits	(1,424)	16,992
B04500	Acquisition of intangible assets	(2,830)	(447)
B06600	Decrease (increase) in other financial assets	(2,752)	784
B06800	Increase in other non-current assets	(851)	(1,285)
BBBB	Net cash (outflow) inflow from investing activities	(166,968)	4,732
CCCC	Cash flow from financing activities:		
C00200	Decrease in short-term loans	-	(150,000)
C03100	Decrease in guarantee deposits	(2,310)	(50)
C04020	Repayment of lease principal	(8,619)	(9,011)
CCCC	Net cash outflow from financing activities	(10,929)	(159,061)
DDDD	Effect of exchange rate changes on cash and cash equivalents	7,878	(11,146)
EEEE	Net decrease in cash and cash equivalents for the current period	(452,298)	(294,460)
E00100	Cash and cash equivalents, beginning of period	1,834,358	1,534,624
E00200	Cash and cash equivalents, end of period	$ 1,382,060	$ 1,240,164

(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 six months ended June 30, 2024 and 2023
(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 six months ended June 30, 2024 and 2023, were approved by the board of directors on July 31 , 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, 2024. First-time adoption of the new standards and amendments has had no material impact on the Group.

2. 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 approved by FSC:

Item No.	New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
1	Amendments to IAS 21 - "Lack of Exchangeability"	January 1, 2025

(All amounts in NTD thousands unless otherwise specified)

(1) 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 above amendments will take effect for annual periods beginning on January 1, 2025. Upon assessment, the adoption 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	IFRS 18, " Presentation and Disclosure in Financial Statements "	January 1, 2027
4	Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)	January 1, 2027
5	Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	January 1, 2026
6	Volume 11, Annual Improvements to IFRS Accounting Standards	January 1, 2026

(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) IFRS 18, " Presentation and Disclosure in Financial Statements "

This standard will replace IAS 1, "Presentation of Financial Statements," with the following main changes:

(a) Improve the comparability of the income statement
Income and expenses are classified into one of the five categories: operating,

investing, financing, income taxes and discontinued operations. The first three categories are new ones to improve the structure of the income statement. Also, all companies are required to provide the new defined subtotals (including operating profit or loss). Through the improved structure of the income statement and newly defined subtotals, investors are given a consistent starting point for analyzing the financial performance of companies, thereby making it easier to perform comparison.

(b) Enhance the transparency of management-defined performance measures
Companies are required to give explanations on company-specific measures (i.e., management-defined performance measures) related to the income statement.

(c) More useful grouping of information in the financial statements
The standard gives guidance on how financial information shall be organized, i.e., whether items shall be presented in the primary financial statements or in the notes. This change is expected to provide more detailed and useful information. The standard also requires companies to provide more transparent operating expense information to assist investors with finding and understanding the information they use.

(4) Disclosure Initiative - Subsidiaries without Public Accountability: Disclosures (IFRS 19)

The Standard simplifies the disclosure requirements for subsidiaries without public accountability, and allows eligible subsidiaries to choose whether to apply the Standard.

(5) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

The amendments include:

(a) Clarifying that financial liabilities are derecognized on the settlement date, and explain the accounting treatment for financial liabilities settled via electronic payment before the settlement date.
(b) Clarifying how to assess the cash flow characteristics of financial asset with features linked to environmental, social and governance (ESG) or similar contingent features.
(c) Clarifying the treatment of assets with non-recourse features and contractually linked instruments.

(d) Additional disclosure requirements under IFRS 7 for financial assets or liabilities with contingent features (including ESG-linked features) and equity instruments classified as at fair value through other comprehensive income.

(6) Volume 11, Annual Improvements to IFRS Accounting Standards

(a) Amendments to IFRS 1
The main adjustment is to align the explanation of hedge accounting for first-time adopters of this standard with IFRS 9.

(b) Amendments to IFRS 7
The amendments update an obsolete cross-reference concerning the derecognition of gains or losses.

(c) Amendments to implementation guidance of IFRS 7
The amendments improve some descriptions within the implementation guidance, including the introduction, disclosure of deferred difference between fair value and transaction price, and credit risk disclosures.

(d) Amendments to IFRS 9
The amendments add cross-references to clarify doubts concerning lessee's derecognition of lease liabilities and the transaction price.

(e) Amendments to IFRS 10
The amendments eliminate the inconsistency between paragraphs B74 and B73 of the Standard.

(f) Amendments to IAS 7
The amendments remove the cost method in paragraph 37 of the Standard.

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 (3), 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 for the six months ended June 30, 2024 and 2023, have been prepared in accordance with Regulations Governing the Preparation of Financial

Reports by Securities Issuers and FSC-approved IAS 34 - "Interim Financial Reporting."

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 (e.g., 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 (e.g., 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.

(All amounts in NTD thousands unless otherwise specified)

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.

The entities of consolidated financial statements are as follows:

			Ownership percentage		
Name of the investor	Name of subsidiary	Main business activities	June 30, 2024	December 31, 2023	June 30, 2023
The Company	Stark Technology Inc. (USA)	Trading of computer-related products	100%	100%	100%
The Company	Pacific Ace Holding International Ltd.	General investment	100%	100%	100%
The Company	SRAIN Investment Co., Ltd.	General investment	100%	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%	100%
SRAIN Investment Co., Ltd.	Stark Inforcom Inc.	Trading of computer-related products	100%	100%	100%
S-Rain Investment Ltd.	Shanghai Stark Technology Inc.	General electronics trading	100%	100%	100%
Pacific Ace Holding International Ltd.	Profit Reap International Limited	General investment	100%	100%	100%
Profit Reap International Limited	STARK (Ningbo) Technology Inc.	General electronics trading	100%	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 June 30, 2024, the dissolution and liquidation had not been completed yet.

Subsidiaries listed above which are not considered significant were consolidated into consolidated financial statements while their financial statements were not reviewed by CPAs. As at June 30, 2024 and 2023, such subsidiaries aggregated reported total assets of NT$1,295,099 thousand and NT$1,401,725 thousand and total liabilities of NT$349,669 thousand and NT$396,803 thousand, respectively; whereas comprehensive income and loss for the three months ended June 30, 2024 and 2023 totaled NT$14,560 thousand and NT$9,081 thousand, respectively, and for the six months ended June 30, 2024 and 2023 totaled NT$36,724 thousand and NT$29,841 thousand, respectively.

4. Except for the accounting policies stated in Note (IV).5~6, consolidated financial statements for the six months ended June 30, 2024 are prepared using the same accounting policies as those of 2023. Please refer to the Group's 2023 consolidated financial statements for summary of other significant accounting policies.

5. Interim retirement costs are calculated from the beginning until the end of the interim period using the actuarial pension cost rate determined at the end of the previous year, and adjusted for major market changes, plan curtailments, settlements and other one-time events that took place in the current period.

6. Income taxes for the interim period are accrued and disclosed using tax rate applicable for the Company's expected total earnings for the given year, or in other words, by applying the estimated average effective tax rate for the whole year to pre-tax profit for the interim period. Estimation of average annual effective tax rate only includes income tax expense for the current period; interim deferred income taxes are recognized and measured in the same manner as annual financial report, which follows IAS 12 - "Income Taxes." If tax rate changes in the interim period, the effect on deferred income tax is recognized in profit or loss, other comprehensive income, or directly through equity in one lump sum.

(V). Sources of Uncertainty to Significant Accounting Judgments, Estimates, and Assumptions

Consolidated financial statements for the six months ended June 30, 2024 and 2023 were prepared using the same significant accounting judgments, estimates, and assumptions as those of 2023. Please refer to the Group's 2023 consolidated financial statements for details.

(All amounts in NTD thousands unless otherwise specified)

(VI). Notes to Major Accounts

1. Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash	$195	$195	$195
Demand and check deposit	1,188,703	1,654,890	971,215
Time deposit	193,162	179,273	268,754
Total	$1,382,060	$1,834,358	$1,240,164

2. Financial assets at fair value through other comprehensive income

	June 30, 2024	December 31, 2023	June 30, 2023
Investments in equity instruments at fair value through other comprehensive income - non-current:			
TWSE/TPEX listed shares	$167,192	$118,202	$105,362
Unlisted shares	44,752	44,752	43,502
Total	$211,944	$162,954	$148,864

(1) 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.

(2) 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 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.

(3) The Group recognized NT$4,218 thousand and NT$3,843 thousand of dividend income from investments in equity instruments at fair value through other comprehensive income held by the Group for the six months ended June 30, 2024 and 2023, respectively. This income is related to investments still held on the balance sheet.

(All amounts in NTD thousands unless otherwise specified)

(4) None of the Group's financial assets at fair value through other comprehensive income was placed as collateral.

3. Notes receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable - arising from business activities	$2,540	$11,368	$8,814
Less: loss provisions	-	-	-
Net amount	$2,540	$11,368	$8,814

None of the Group's notes receivables was placed as collateral.

The Group assesses impairment according to IFRS 9. Please see Note (VI).14 for information on loss provisions and Note (XII) for credit risk-related information.

4. Accounts receivable and installment accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable	$645,551	$572,609	$756,721
Installment accounts receivable	95,585	70,661	107,723
Less: Unrealized interest income - Installment accounts receivable	(6,338)	(3,835)	(4,517)
Subtotal (total book value)	734,798	639,435	859,927
Less: loss provisions	(6,869)	(6,006)	(6,716)
Total	$727,929	$633,429	$853,211

Expected recovery of installment accounts receivable is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
No more than 1 year	$57,016	$49,899	$82,607
1 to 2 years	27,039	10,910	15,210
2 years and above	11,530	9,852	9,906
Total	$95,585	$70,661	$107,723

(All amounts in NTD thousands unless otherwise specified)

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$734,798 thousand on June 30, 2024, NT$639,435 thousand on December 31, 2023, and NT$859,927 thousand on June 30, 2023. See Note (VI).14 for information on loss provisions and Note (XII) for credit risk-related information.

5. Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Net inventory - merchandise	$2,417,030	$2,282,771	$2,236,296

(1) Cost of inventory, consultation, and maintenance recognized as expenses for the three months ended June 30, 2024 and 2023 were NT$1,313,398 thousand and NT$1,458,942 thousand respectively. These amounts included NT$3,573 thousand and NT$931 thousand of lost on inventory devaluation and obsolescence for the three months ended June 30, 2024 and 2023 respectively.

(2) Cost of inventory, consultation, and maintenance recognized as expenses for the six months ended June 30, 2024 and 2023 were NT$2,620,376 thousand and NT$2,731,015 thousand respectively. These amounts included NT$3,393 thousand and NT$1,772 thousand of lost on inventory devaluation and obsolescence for the six months ended June 30, 2024 and 2023 respectively.

(3) As of June 30, 2024, December 31, 2023 and June 30, 2023, the Group had provisions on inventory devaluation outstanding at NT$9,109 thousand, NT$5,715 thousand and NT$6,889 thousand, respectively.

(4) None of the above inventory was pledged as collateral.

(All amounts in NTD thousands unless otherwise specified)

6. Prepayments

	June 30, 2024	December 31, 2023	June 30, 2023
Prepaid purchases	$686,174	$650,495	$657,241
Other prepaid expenses	84,104	71,297	72,286
Total	$770,278	$721,792	$729,527

7. Property, plant and equipment

	June 30, 2024	December 31, 2023	June 30, 2023
Owner-occupied property, plant and equipment	$648,280	$495,515	$453,494

	Land	Buildings	Transportation equipment	Office equipment	Lease improvements	Other equipment	Construction in progress and equipment awaiting inspection	Total
Cost:								
January 1, 2024	$291,892	$200,311	$5,045	$40,372	$11,173	$369	$57,200	$606,362
Additions	-	240	-	1,427	233	-	157,211	159,111
Disposals	-	(695)	-	(4,309)	(3,294)	(320)	-	(8,618)
Reclassification	-	-	-	2,096	-	-	-	2,096
Effects of exchange rate changes	-	-	80	8	-	-	-	88
June 30, 2024	$291,892	$199,856	$5,125	$39,594	$8,112	$49	$214,411	$759,039
January 1, 2023	$291,892	$203,110	$6,980	$36,226	$8,059	$578	$-	$546,845
Additions	-	307	78	1,199	1,324	-	12,600	15,508
Disposals	-	(1,052)	(1,981)	(4,121)	-	(209)	-	(7,363)
Reclassification	-	-	-	7,411	-	-	-	7,411
Effects of exchange rate changes	-	-	(40)	(7)	-	-	-	(47)
June 30, 2023	$291,892	$202,365	$5,037	$40,708	$9,383	$369	$12,600	$562,354
Depreciation and impairment:								
January 1, 2024	$-	$78,349	$4,093	$22,077	$5,983	$345	$-	$110,847
Depreciation	-	2,537	235	4,782	727	16	-	8,297
Disposals	-	(694)	-	(4,309)	(3,152)	(316)	-	(8,471)
Effects of exchange rate changes	-	-	79	7	-	-	-	86
June 30, 2024	$-	$80,192	$4,407	$22,557	$3,558	$45	$-	$110,759

(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
January 1, 2023	$-	$78,976	$4,073	$18,879	$4,317	$449	$-	$106,694
Depreciation	-	2,779	340	4,205	740	53	-	8,117
Disposals	-	(1,052)	(523)	(4,121)	-	(209)	-	(5,905)
Effects of exchange rate changes	-	-	(39)	(7)	-	-	-	(46)
June 30, 2023	$-	$80,703	$3,851	$18,956	$5,057	$293	$-	$108,860
Net book value:								
June 30, 2024	$291,892	$119,664	$718	$17,037	$4,554	$4	$214,411	$648,280
December 31, 2023	$291,892	$121,962	$952	$18,295	$5,190	$24	$57,200	$495,515
June 30, 2023	$291,892	$121,662	$1,186	$21,752	$4,326	$76	$12,600	$453,494

The Group did not capitalize any interest for the six months ended June 30, 2024 and 2023.

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, 2024	$5,663
Addition - acquisition by separate purchase	2,830
Reduction - removal in the current period	(2,711)
June 30, 2024	$5,782
January 1, 2023	$8,753
Addition - acquisition by separate purchase	447
Reduction - removal in the current period	(1,985)
June 30, 2023	$7,215
Amortization and impairment:	
January 1, 2024	$4,235
Reduction - removal in the current period	(2,711)
Amortization	1,938
June 30, 2024	$3,462

(All amounts in NTD thousands unless otherwise specified)

	Computer software
January 1, 2023	$5,842
Reduction - removal in the current period	(1,985)
Amortization	1,416
June 30, 2023	$5,273
Net book value:	
June 30, 2024	$2,320
December 31, 2023	$1,428
June 30, 2023	$1,942

Amortization amount of intangible assets:

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Administrative expenses	$1,031	$695	$1,938	$1,416

9. Other non-current assets

	June 30, 2024	December 31, 2023	June 30, 2023
Other non-current assets - others	$4,899	$4,048	$2,963

10. Provisions

	Warranty	
	Six months ended June 30, 2024	Six months ended June 30, 2023
Beginning of period	$10,745	$7,427
Additions in the current period	9,888	6,247
Utilization in the current period	(4,163)	(2,494)
Reversals in the current period	(6,082)	(2,408)
End of the period	$10,388	$8,772

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.

11. Retirement benefit plans

Defined Contribution Plans

The Group recognized pension expenses related defined contribution plan for the three months ended June 30, 2024 and 2023 were NT$7,830 thousand and NT$7,528 thousand respectively. For the six months ended June 30, 2024 and 2023 were NT$15,481 thousand and NT$14,791 thousand respectively.

Defined Benefit Plans

The Group recognized pension expenses related defined benefit plan for the three months ended June 30, 2024 and 2023 were NT$901 thousand and NT$876 thousand respectively. For the six months ended June 30, 2024 and 2023 were NT$1,804 thousand and NT$1,718 thousand respectively.

12. Equity

(1) Ordinary share

The Company had authorized capital of NT$3,400,000 thousand (20,000 thousand shares of which were reserved for issuance of employee stock options) as at June 30, 2024, December 31, 2023, and June 30, 2023. 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 three 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

	June 30, 2024	December 31, 2023	June 30, 2023
Premium from consolidation	$148,259	$148,259	$148,259
Premium from conversion of convertible bonds	18,255	18,255	18,255
Total	$166,514	$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 distribution of dividends and bonuses in whole or in part, if made in cash, shall be authorized by the 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. The distribution of the entire or partial legal reserves or capital reserves, if made in cash, shall be authorized by the 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.

The Company will be required to appropriate 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 June 30, 2024, the Company had NT$144 thousand of special reserve that were appropriated due to first-time adoption of IFRS.

The Company's 2023 and 2022 earnings appropriation proposal and dividends per share were resolved by the board of directors meeting held on February 29, 2024 and February 23, 2023 respectively. Details are as presented below:

	Earnings appropriation plan		Dividends per share (NTD)	
	2023	2022	2023	2022
Legal reserve (note)	$78,395	$73,885		
Cash dividends on ordinary shares	706,232	665,815	$6.64	$6.26

Please refer to Note (VI).16 for the amount of employee remuneration and director remuneration recognized and the basis of estimation.

(All amounts in NTD thousands unless otherwise specified)

Note: The amount of legal reserve for 2023 and 2022 had been approved by the annual general meeting held on May 31,2024 and May 29, 2023 respectively.

(4) Non-controlling interests: None.

13. Operating revenue

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Revenues from sale of merchandise	$1,227,556	$1,362,865	$2,367,566	$2,524,683
Revenues from rendering of service	557,631	529,009	1,168,322	1,082,146
Other operating revenues	1,663	2,494	4,435	3,731
Total	$1,786,850	$1,894,368	$3,540,323	$3,610,560

Information relating to revenue from contracts with customers for the six months ended June 30, 2024 and 2023 were as below:

(1) Breakdown of revenue

	Operating segment			
	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Sales of merchandise	$1,227,556	$1,362,865	$2,367,566	$2,524,683
Rendering of service	557,631	529,009	1,168,322	1,082,146
Others	1,663	2,494	4,435	3,731
Total	$1,786,850	$1,894,368	$3,540,323	$3,610,560
Timing of revenue recognition:				
At a point in time	$1,229,219	$1,365,359	$2,372,001	$2,528,414
Over time	557,631	529,009	1,168,322	1,082,146
Total	$1,786,850	$1,894,368	$3,540,323	$3,610,560

(All amounts in NTD thousands unless otherwise specified)

(2) Contract balance

A. Contract assets - current

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Sales of merchandise and rendering of service	$186,774	$222,372	$328,793	$252,812
Less: loss provisions	(2,464)	(1,701)	(4,437)	(3,859)
Total	$184,310	$220,671	$324,356	$248,953

Major changes in the balance of contract assets for the six months ended June 30, 2024 and 2023 are explained below:

	Six months ended June 30, 2024	Six months ended June 30, 2023
Amount of beginning balance reclassified into accounts receivable in the current period	$(198,930)	$(209,742)
Changes were measured based on level of completion	$163,332	$285,723

The Group assesses impairment according to IFRS 9. Please see Note (VI).14 for information on loss provisions and Note (XII) for credit risk-related information.

B. Contract liabilities - current

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Sales of merchandise and rendering of service	$1,423,220	$1,659,643	$1,258,579	$1,492,594

(All amounts in NTD thousands unless otherwise specified)

Major changes in the balance of contract liabilities for the six months ended June 30, 2024 and 2023 are explained below:

	Six months ended June 30, 2024	Six months ended June 30, 2023
Amount of beginning balance reclassified into revenue in the current period	$(958,096)	$(961,446)
Increase in advanced receipt in the current period (less amounts incurred and reclassified into revenue in the current period)	$721,673	$727,431

(3) Allocation of transaction price into unfulfilled contractual obligations

As at June 30, 2024, the Group had allocated NT$6,212,099 thousand of transaction price into unfulfilled (including partially fulfilled) contractual obligations; 53.57% 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.

14. Expected credit impairment loss

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Operating expenses - expected credit impairment loss				
Contract assets	$(1,210)	$559	$(1,087)	$(610)
Accounts receivable	(699)	(2,793)	(533)	(1,895)
Total	$(1,909)	$(2,234)	$(1,620)	$(2,505)

Please see Note (XII) for credit risk-related information.

(All amounts in NTD thousands unless otherwise specified)

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 June 30, 2024, December 31, 2023, and June 30, 2023 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:

June 30, 2024

Group 1	Not past due	Past due					
	(Note 1)	Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$667,818	$177,215	$27,505	$12,698	$7,282	$30,211	$922,729
Loss ratio	0.9%	0.7%	0.6%	0.6%	0.6%	1.1%	
Lifetime expected credit losses	(6,154)	(1,189)	(162)	(79)	(41)	(325)	(7,950)
Net amount	$661,664	$176,026	$27,343	$12,619	$7,241	$29,886	$914,779

Group 2 (Note 2)	Not past due	Past due					
	(Note 1)	Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$-	$-	$-	$-	$-	$1,383	$1,383
Loss ratio	-	-	-	-	-	100%	
Lifetime expected credit losses	-	-	-	-	-	(1,383)	(1,383)
Net amount	$-	$-	$-	$-	$-	$-	$-

(All amounts in NTD thousands unless otherwise specified)

December 31, 2023

Group 1	Not past due	Past due					
	(Note 1)	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	Past due					
	(Note 1)	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	$-	$-	$-	$-	$-	$-	$-

June 30, 2023

Group 1	Not past due	Past due					
	(Note 1)	Within 30 days	31-60 days	61-90 days	91-120 days	121 days and above	Total
Total book value	$1,001,619	$89,220	$39,388	$4,004	$31,837	$30,078	$1,196,146
Loss ratio	0.8%	0.5%	0.6%	0.6%	1.1%	1.4%	
Lifetime expected credit losses	(8,223)	(475)	(246)	(24)	(364)	(433)	(9,765)
Net amount	$993,396	$88,745	$39,142	$3,980	$31,473	$29,645	$1,186,381

(All amounts in NTD thousands unless otherwise specified)

Group 2

(Note 2)	Not past due	Past due					
	(Note 1)	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	$-	$-	$-	$-	$-	$-	$-

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.

Changes in loss provisions on contract assets, accounts receivable, and installment accounts receivable for the six months ended June 30, 2024 and 2023 are explained below:

	Contract assets	Accounts receivable	Installment accounts receivable
January 1, 2024	$1,701	$6,006	$-
Net recognitions (reversals) for the current period	1,087	533	-
Reclassification	(324)	324	-
Effect of exchange rate changes	-	6	-
June 30, 2024	$2,464	$6,869	$-
January 1, 2023	$3,859	$4,801	$-
Net recognitions (reversals) for the current period	610	1,895	-
Reclassification	(32)	32	-
Effect of exchange rate changes	-	(12)	-
June 30, 2023	$4,437	$6,716	$-

(All amounts in NTD thousands unless otherwise specified)

15. Lease

(1) The Group as lessee

The Group leases several types of assets, 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

(a) Right-of-use assets

Book value of right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	$8,382	$11,199	$12,547
Transportation equipment	13,175	16,567	14,071
Office equipment	1,101	1,179	758
Total	$22,658	$28,945	$27,376

Right-of-use assets increased by NT$2,196 thousand and NT$11,451 thousand for the six months ended June 30, 2024 and 2023, respectively.

(b) Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Lease liabilities	$22,983	$29,271	$27,716
Current	$12,681	$14,112	$14,800
Non-current	10,302	15,159	12,916
Total	$22,983	$29,271	$27,716

(All amounts in NTD thousands unless otherwise specified)

Please see Note (VI).17(4) - Finance cost for interest on lease liabilities for the six months ended June 30, 2024 and 2023; and note (XII).5 - Liquidity risk management for maturity analysis of lease liability as at June 30, 2024, December 31, 2023 and June 30, 2023.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Buildings	$1,412	$2,683	$3,747	$5,328
Transportation equipment	2,160	1,542	4,306	3,009
Office equipment	126	189	288	377
Total	$3,698	$4,414	$8,341	$8,714

C. Income, expenses, and losses relating to lease activities as a lessee

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Short-term lease expense	$2,331	$1,060	$3,752	$2,034

D. Cash outflow relating to lease activities as a lessee

The Group incurred NT$12,371 thousand and NT$11,045 thousand of lease-related cash outflow for the six months ended June 30, 2024 and 2023.

(All amounts in NTD thousands unless otherwise specified)

16. Summary of employee benefit, depreciation, and amortization expenses by function:

By function / By nature	Three months ended June 30, 2024			Three months ended June 30, 2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses	$22,980	$190,967	$213,947	$22,319	$181,428	$203,747
Wages and salaries	19,587	163,501	183,088	18,993	155,033	174,026
Labor insurance expenses and national health insurance expenses	1,775	13,527	15,302	1,747	12,994	14,741
Pension expenses	1,012	7,719	8,731	973	7,431	8,404
Other employee benefit expenses	606	6,220	6,826	606	5,970	6,576
Depreciation expenses	-	7,843	7,843	-	8,510	8,510
Amortization expenses	-	1,031	1,031	-	695	695

(All amounts in NTD thousands unless otherwise specified)

By function / By nature	Six months ended June 30, 2024			Six months ended June 30, 2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses	$44,276	$372,954	$417,230	$42,256	$351,673	$393,929
Wages and salaries	37,677	319,115	356,792	36,040	300,222	336,262
Labor insurance expenses and national health insurance expenses	3,459	26,365	29,824	3,308	25,777	29,085
Pension expenses	1,953	15,332	17,285	1,852	14,657	16,509
Other employee benefit expenses	1,187	12,142	13,329	1,056	11,017	12,073
Depreciation expenses	-	16,638	16,638	-	16,831	16,831
Amortization expenses	-	1,938	1,938	-	1,416	1,416

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 three months ended June 30, 2024 were estimated and recognized at NT$17,499 thousand and NT$1,374 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation, and employee remuneration and director remuneration for the three months ended June 30, 2023 were estimated and recognized at NT$10,500 thousand and NT$900 thousand, respectively. The basis of estimation is the profitability of the particular year. The above-mentioned amounts were included under salary expense; 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.

Employee remuneration and director remuneration for the six months ended June 30, 2024 were estimated and recognized at NT$34,998 thousand and NT$2,748 thousand, respectively, based on the Company's profitability and the percentages stated in the Articles of Incorporation, and employee remuneration and director remuneration for the six months ended June 30, 2023 were estimated and recognized at NT$21,000 thousand and NT$1,800 thousand, respectively. The basis of estimation is the profitability of the particular year. The above-mentioned amounts were included under salary expense; 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 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)

17. Non-operating income and expenses

(1) Interest income

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Financial assets at amortized costs	$6,391	$5,383	$7,545	$6,832

(2) Other income

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Rental income	$3	$3	$6	$6
Dividend income	4,218	3,843	4,218	3,843
Other income - others	1,296	13,615	31,512	38,182
Total	$5,517	$17,461	$35,736	$42,031

(3) Other gains and losses

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Net gains (losses) on currency exchange	$1,851	$3,715	$2,986	$(3,007)
Gains (losses) on disposals of property, plants and equipment	(147)	18	(147)	18
Others	175	300	683	600
Total	$1,879	$4,033	$3,522	$(2,389)

(All amounts in NTD thousands unless otherwise specified)

(4) Finance costs

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Interest expenses on bank loans	$-	$-	$-	$301
Interest expenses on lease liabilities	129	136	277	285
Total	$129	$136	$277	$586

18. Composition of other comprehensive income

Composition of other comprehensive income for the three months ended June 30, 2024 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:					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$6,422	$-	$6,422	$-	$6,422
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	27,852	-	27,852	-	27,852
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	2,300	-	2,300	-	2,300
Total other comprehensive income for the current period	$36,574	$-	$36,574	$-	$36,574

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the three months ended June 30, 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:					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$(3,338)	$-	$(3,338)	$-	$(3,338)
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	5,492	-	5,492	-	5,492
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	(12,758)	-	(12,758)	-	(12,758)
Total other comprehensive income for the current period	$(10,604)	$-	$(10,604)	$-	$(10,604)

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the six months ended June 30, 2024 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:					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$11,320	$-	$11,320	$-	$11,320
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	37,670	-	37,670	-	37,670
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	7,938	-	7,938	-	7,938
Total other comprehensive income for the current period	$56,928	$-	$56,928	$-	$56,928

(All amounts in NTD thousands unless otherwise specified)

Composition of other comprehensive income for the six months ended June 30, 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:					
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$(1,270)	$-	$(1,270)	$-	$(1,270)
Share of other comprehensive income on subsidiaries, associates and joint ventures using equity method	23,188	-	23,188	-	23,188
Items likely to be reclassified into profit or loss:					
Exchange differences on translation of foreign operations	(11,158)	-	(11,158)	-	(11,158)
Total other comprehensive income for the current period	$10,760	$-	$10,760	$-	$10,760

(All amounts in NTD thousands unless otherwise specified)

19. Income tax

Compositions of income tax expenses (benefits) for the six months ended June 30, 2024 and 2023 are explained below:

Income tax recognized in profit or loss

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Income tax expenses (benefits) for the current period:				
Current income tax payable	$49,884	$46,733	$101,665	$95,833
Adjustment of current income tax of previous years	39	(283)	39	(10,237)
Deferred income tax expenses (benefits):				
Deferred income tax expenses (benefits) relating to the origination and reversal of temporary differences	1,037	1,174	1,812	6,942
Offset (reversal of previous offset) of deferred income tax asset	838	303	259	1,068
Income tax expenses	$51,798	$47,927	$103,775	$93,606

Assessment of income tax return

Assessment of income tax filings submitted by the Company and domestic subsidiaries as at June 30, 2024 is explained below:

	Assessment of income tax return
The Company	Certified up to 2021
Subsidiary - SRAIN Investment Co., Ltd.	Certified up to 2022
Subsidiary - Stark Inforcom Inc.	Certified up to 2022

20. 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.

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
(1) Basic earnings per share				
Net income attributable to parent company's ordinary shareholders (NTD thousands)	$200,541	$190,697	$406,771	$402,212
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291	106,360,291	106,360,291
Basic earnings per share (NTD)	$1.88	$1.79	$3.82	$3.78

(2) Diluted earnings per share

Net income attributable to parent company's ordinary shareholders (NTD thousands)	$200,541	$190,697	$406,771	$402,212
Weighted average outstanding ordinary shares for basic earnings per share (shares)	106,360,291	106,360,291	106,360,291	106,360,291
Dilutive effect:				
Employee remuneration (shares)	296,593	184,211	479,304	421,611
Weighted average outstanding ordinary shares after adjustment for dilutive effect (shares)	106,656,884	106,544,502	106,839,595	106,781,902
Diluted earnings per share (NTD)	$1.88	$1.79	$3.81	$3.77

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.

(VII). Related party transactions

Compensation for key management of the Group

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Short-term employee benefits	$23,623	$20,919	$54,145	$53,542
Post-employment benefits - pension	1,719	703	2,447	1,406
Total	$25,342	$21,622	$56,592	$54,948

(All amounts in NTD thousands unless otherwise specified)

(VIII). Pledged assets

The Group had placed the following assets as collaterals:

	Book value			
Item	June 30, 2024	December 31, 2023	June 30, 2023	Details of debts secured
Other financial assets – current	$9,313	$10,421	$10,930	Performance guarantee
Other financial assets – non-current	12,367	8,507	8,454	Performance guarantee
Total	$21,680	$18,928	$19,384	

(IX). Significant contingent liabilities and unrecognized contract commitments

Unrecognized contract commitments

1. The Company had engaged financial institutions to provide NT$138,413 thousand of performance and customs guarantee for various projects.

2. The Company had issued NT$16,555 thousand of guaranteed notes to customers and banks to secure sales and borrowing limits.

3. As of June 30, 2024, December 31, 2023, and June 30, 2023, the unused short-term loans limits of the Company were approximately NT$2,365,668 thousand, NT$2,622,228 thousand and NT$2,334,754 thousand, respectively.

Contingency

1. The Company received a complaint of criminal incidental civil lawsuit filed by the Taiwan Taipei District Court on May 10, 2022, for the Company's employee violating the Securities and Exchange Act. 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, is a civil lawsuit incidental to a criminal case, which will usually 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 on August 31, 2022. Fujifilm filed a civil lawsuit against the Company, the Company's vice president surnamed Gao, other companies and individuals, 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.

   For the above-mentioned civil lawsuit filed by Fujifilm against the Company, the Company had appointed a lawyer to handle it.

As at June 30, 2024, 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.

(All amounts in NTD thousands unless otherwise specified)

(XII). Others

1. Types of financial instrument

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets			
Financial assets at fair value through other comprehensive income	$211,944	$162,954	$148,864
Financial assets at amortized costs:			
Cash and cash equivalents (excluding cash on hand)	1,381,865	1,834,163	1,239,969
Receivables	700,740	634,769	839,208
Long-term receivables	35,796	19,140	23,557
Other financial assets	21,680	18,928	19,384
Refundable deposits	231,019	229,595	238,470
Subtotal	2,371,100	2,736,595	2,360,588
Total	$2,583,044	$2,899,549	$2,509,452
Financial liabilities			
Financial liabilities at amortized costs:			
Payables	$1,925,271	$1,372,107	$1,867,651
Lease liabilities	22,983	29,271	27,716
Guarantee deposits	5,116	7,426	5,933
Total	$1,953,370	$1,408,804	$1,901,300

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 six months ended June 30, 2024 and 2023 would have decreased by NT$270 thousand and increased by NT$28 thousand, respectively, whereas equity would have increased NT$115 thousand and NT$133 thousand, respectively.

If NTD strengthened/weakened against RMB by 1%, profits for the six months ended June 30, 2024 and 2023 would have increased by NT$406 thousand and NT$379 thousand, respectively, whereas 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 equity instruments at fair value through other comprehensive income would have affected the Group's equity by NT$ 16,719 thousand and NT$10,536 thousand for the six months ended June 30, 2024 and 2023, 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 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.

(All amounts in NTD thousands unless otherwise specified)

The Group's top 10 customers accounted for 16%, 21%, and 30% of total contract assets and accounts receivable balance as at June 30, 2024, December 31, 2023, and June 30, 2023, 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	June 30, 2024	December 31, 2023	June 30, 2023
Simplified Approach (Note)	(Note)	Lifetime Expected Credit Losses	$924,112	$873,175	$1,197,534

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.

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.

(All amounts in NTD thousands unless otherwise specified)

Non-derivative instruments

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
June 30, 2024					
Payables	$1,925,271	$-	$-	$-	$1,925,271
Lease liabilities	13,045	9,681	794	-	23,520
December 31, 2023					
Payables	$1,372,107	$-	$-	$-	$1,372,107
Lease liabilities	14,585	13,807	1,641	-	30,033
June 30, 2023					
Payables	$1,867,651	$-	$-	$-	$1,867,651
Lease liabilities	15,206	11,598	1,584	-	28,388

6. Reconciliation of liabilities relating to financing activities

Reconciliation of liabilities for the six months ended June 30, 2024:

	Guarantee deposits	Lease liabilities	Total
January 1, 2024	$7,426	$29,271	$36,697
Non-cash movement	-	2,291	2,291
Cash flow	(2,310)	(8,619)	(10,929)
Effect of exchange rate changes	-	40	40
June 30, 2024	$5,116	$22,983	$28,099

(All amounts in NTD thousands unless otherwise specified)

Reconciliation of liabilities for the six months ended June 30, 2023:

	Short-term loans	Guarantee deposits	Lease liabilities	Total
January 1, 2023	$150,000	$5,983	$26,370	$182,353
Non-cash movement	-	-	10,360	10,360
Cash flow	(150,000)	(50)	(9,011)	(159,061)
Effect of exchange rate changes	-	-	(3)	(3)
June 30, 2023	$-	$5,933	$27,716	$33,649

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.

(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:

(All amounts in NTD thousands unless otherwise specified)

June 30, 2024:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Financial assets at fair value through other comprehensive income				
Stock	$167,192	$-	$44,752	$211,944

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Financial assets at fair value through other comprehensive income				
Stock	$118,202	$-	$44,752	$162,954

June 30, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Financial assets at fair value through other comprehensive income				
Stock	$105,362	$-	$43,502	$148,864

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 six months ended June 30, 2024 and 2023 that involved assets or liabilities with recurring fair value measurement.

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:

June 30, 2024:

	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.

(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.

June 30, 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$4,350 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

	June 30, 2024		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,293	32.39	$74,387
CNY (RMB)	66,929	4.415	295,489
JPY	2	0.1996	-
SGD	40	23.80	960
Financial liabilities			
Monetary items:			
USD	$1,874	32.39	$60,714
CNY (RMB)	2,041	4.415	9,010

	December 31, 2023		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$1,802	30.63	$55,197
CNY (RMB)	63,368	4.296	272,227
JPY	2	0.2153	1
SGD	62	23.18	1,444
Financial liabilities			
Monetary items:			
USD	$1,163	30.63	$35,634
CNY (RMB)	1,553	4.296	6,673
SGD	58	23.18	1,350

(All amounts in NTD thousands unless otherwise specified)

	June 30, 2023		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$2,545	31.07	$79,063
CNY (RMB)	95,228	4.253	405,003
SGD	93	22.84	2,132
Financial liabilities			
Monetary items:			
USD	$148	31.07	$4,608
CNY (RMB)	1,451	4.253	6,172

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's foreign currency exchange gains (losses) for the three months ended June 30, 2024 and 2023 were NT$1,851 thousand and NT$3,715 thousand, respectively, and for the six months ended June 30, 2024 and 2023 were NT$2,986 thousand and NT$(3,007) thousand, 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	$219,980	$214	$-	$-	$-	-%	$439,961	-	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	$42,088	0.10%	$42,088
	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	21,763	0.05%	21,763
	TWSE listed stock	Zero One Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,054,422	99,959	0.68%	99,959
	TPEX listed stock	Genesis Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	38,629	3,342	0.04%	3,342

(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.	TPEX listed stock	Dimerco Data System Corporation	-	Financial assets at fair value through other comprehensive income - non-current	340	$40	-%	$40
	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 six months ended June 30, 2024:

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	$620	Purchase price is determined by applying a 5%-30% markup on cost or through negotiation. Payment term is 7-30 days after delivery.	0.02%
				Accounts payable	39		-%
0	Stark Technology Inc.	Stark Inforcom Inc.	1	Sales revenue	1,201	Selling price is determined at 90%-99% of general selling price or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.03%
				Purchase	33	Purchase price is determined by applying a 3%-20% markup on cost or through negotiation. Payment term is 30-120 days after delivery.	-%
				Rental income	464	-	0.01%
0	Stark Technology Inc.	SRAIN Investment Co., Ltd.	1	Rental income	57	-	-%
0	Stark Technology Inc.	STARK (NINGBO) Technology Inc.	1	Sales revenue	6,007	Selling price is determined by applying a 3%-20% markup on cost or through negotiation. Collection term is 30-120 days after acceptance inspection.	0.17%
				Accounts receivable	738		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 six months ended June 30, 2024 (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 8)		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	$1,620 (USD50,000)	$1,620 (USD50,000)	500,000	100.00%	$11,263	$(477)	$(475)	-
Stark Technology Inc.	SRAIN Investment Co., Ltd.	Note 3	General investment	410,967	410,967	-	100.00%	569,791	23,581	23,581	-
Stark Technology Inc.	Pacific Ace Holding International Ltd.	Note 4	General investment	97,170 (USD3,000,000)	97,170 (USD3,000,000)	3,000,000	100.00%	268,024	6,326	6,326	-
SRAIN Investment Co., Ltd.	S-Rain Investment Ltd.	Note 5	General investment	25,912 (USD800,000)	25,912 (USD800,000)	800,000	100.00%	7,060	(1,618)	-	-
SRAIN Investment Co., Ltd.	Stark Inforcom Inc.	Note 6	Trading of computer-related products	370,000	370,000	37,000,000	100.00%	439,961	21,217	-	-
Pacific Ace Holding International Ltd.	Profit Reap International Limited	Note 4	General investment	97,170 (USD3,000,000) (Note 7)	97,170 (USD3,000,000) (Note 7)	3,000,000	100.00%	268,347	6,326	-	-

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, CA 95131, 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: Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands

Note 6: 11F-2, No. 83, Section 2, Dongda Road, Hsinchu City.

Note 7: Includes technology in lieu of capital USD 906,243.

Note 8: Amount of initial investment at the ends of the current and previous periods were converted using exchange rate as at June 30, 2024.

(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 (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)	$97,170 (USD3,000,000)	-	-	$97,170 (USD3,000,000) (Note 1)	$6,326 (Note 4. (II).3)	100.00%	$6,326 (Note 4. (II).3)	$268,497	$119,652 (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)	37,572 (USD1,160,000)	-	-	37,572 (USD1,160,000)	(1,619) (Note 4. (II).3)	100.00%	(1,619) (Note 4. (II).3)	7,049	-
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)	97,170 (USD3,000,000)	-	-	97,170 (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
$231,912 (USD7,160,000) (Note 3)	$231,912 (USD7,160,000) (Note 3)	$1,816,451 (Note 5)

Note 1: As at June 30, 2024, 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 June 30, 2024.

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: None.

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: None.

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.

(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).