

Fortune Information Systems Corporation and Subsidiaries

Consolidated Financial Statements for the Three
Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Fortune Information Systems Corp.

Introduction

We have reviewed the accompanying consolidated financial statements of Fortune Information Systems Corp. and its subsidiaries (collectively, the “Group”), as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months ended March 31, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the three months then end, and related notes including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by Financial Supervisory Commission (“FSC”) of the Republic of China (“ROC”). Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 10 to the consolidated financial statements, the financial statements of non-significant subsidiaries, included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2024 and 2023, the unreviewed assets were NT\$ 113,373 thousand and NT\$ 121,272 thousand, respectively, representing 6% of the consolidated total assets, and the unreviewed liabilities were NT\$ 36,790 thousand and NT\$ 31,828 thousand, respectively, representing 5% and 3%, respectively, of the consolidated total liabilities. The amount of the unreviewed comprehensive income or loss for the three months ended March 31, 2024 and 2023 were NT\$ 3,984 thousand and 650 thousand, respectively, representing 18% and 6%, respectively, of the consolidated comprehensive income.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and related information of investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, the consolidated financial performance and the consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC of the ROC.

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

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

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in

accordance with accounting principles and practices generally accepted in Taiwan, the Republic of China (ROC) and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the ROC.

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

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

Code	ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Note 6)	\$ 163,925	8	\$ 383,681	19	\$ 242,597	11
1136	Financial assets measured at amortized cost (Note 7)	38,846	2	50,291	3	53,265	2
1140	Contract assets (Note 18 and 24)	670,279	34	569,544	28	669,295	31
1150	Notes receivable (Note 8)	2,024	-	1,214	-	20,698	1
1172	Trade receivables (Note 8, 18 and 24)	274,836	14	186,067	9	252,769	12
1200	Other receivables (Note 8)	10,771	1	37,647	2	28,509	1
130X	Inventories (Note 9)	216,674	11	212,000	11	288,180	13
1410	Prepayments	59,813	3	47,155	2	76,477	3
1470	Other current assets	7,821	1	21,343	1	12,737	1
11XX	Total current assets	<u>1,444,989</u>	<u>74</u>	<u>1,508,942</u>	<u>75</u>	<u>1,644,527</u>	<u>75</u>
	Non-current assets						
1600	Property, plant and equipment (Note 11)	234,478	12	234,120	12	237,787	11
1755	Right-of-use assets (Note 12)	10,821	1	13,134	1	14,155	1
1760	Investment property (Note 13)	60,744	3	60,917	3	61,491	3
1780	Other intangible assets	725	-	1,133	-	1,127	-
1840	Deferred tax assets	1,543	-	1,612	-	895	-
1920	Refundable deposits	180,424	9	168,374	8	185,543	8
1930	Long-term receivables (Note 8)	6,086	-	9,623	-	19,674	1
1975	Net defined benefit assets	20,763	1	20,763	1	22,472	1
15XX	Total non-current assets	<u>515,584</u>	<u>26</u>	<u>509,676</u>	<u>25</u>	<u>543,144</u>	<u>25</u>
1XXX	TOTAL	<u>\$ 1,960,573</u>	<u>100</u>	<u>\$ 2,018,618</u>	<u>100</u>	<u>\$ 2,187,671</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Note 14)	\$ 30,000	2	\$ 30,000	2	\$ 70,000	3
2110	Short-term bills payable (Note 14)	29,961	2	49,937	2	179,822	8
2130	Contract liability (Note 18 and 24)	125,610	6	89,596	4	87,144	4
2150	Notes payable	523	-	20	-	753	-
2170	Trade payables	338,856	17	396,910	20	460,806	21
2219	Other payables (Note 15)	119,573	6	157,384	8	122,728	6
2230	Current tax liabilities	18,941	1	14,395	1	11,879	1
2280	Lease liabilities (Note 12 and 24)	6,942	-	8,645	-	7,872	-
2300	Other current liabilities	23,188	1	26,168	1	22,922	1
21XX	Total current liabilities	<u>693,594</u>	<u>35</u>	<u>773,055</u>	<u>38</u>	<u>963,926</u>	<u>44</u>
	Non-current liabilities						
2570	Deferred tax liabilities	4,189	1	4,153	-	4,494	-
2580	Lease liabilities (Note 12 and 24)	3,983	-	4,594	1	6,382	1
2670	Other non-current liabilities	3,298	-	3,195	-	3,167	-
25XX	Total non-current liabilities	<u>11,470</u>	<u>1</u>	<u>11,942</u>	<u>1</u>	<u>14,043</u>	<u>1</u>
2XXX	Total liabilities	<u>705,064</u>	<u>36</u>	<u>784,997</u>	<u>39</u>	<u>977,969</u>	<u>45</u>
	EQUITY ATTRIBUTABLE (Note 17)						
3110	Common stock	699,612	36	699,612	35	699,612	32
3200	Capital surplus	62,361	3	62,361	3	62,361	3
	Retained earnings						
3310	Legal reserve	182,351	9	182,351	9	175,261	8
3320	Special reserve	3,279	-	3,279	-	9,690	-
3350	Undistributed earnings	308,413	16	289,498	14	267,108	12
3300	Total retained earnings	494,043	25	475,128	23	452,059	20
3400	Other equity interests	(507)	-	(3,480)	-	(4,330)	-
3XXX	Total equity interests	<u>1,255,509</u>	<u>64</u>	<u>1,233,621</u>	<u>61</u>	<u>1,209,702</u>	<u>55</u>
	TOTAL	<u>\$ 1,960,573</u>	<u>100</u>	<u>\$ 2,018,618</u>	<u>100</u>	<u>\$ 2,187,671</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

Chairman: SU, MEI-CHUN

General Manager: TANG, YU-HUA, YANG, ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

<u>Code</u>		For the Three Months Ended March 31			
		2024		2023	
		Amount	%	Amount	%
4000	OPERATING REVENUES (Note 18 and 24)	\$ 499,812	100	\$ 489,168	100
5000	OPERATING COSTS (Note 9 and 19)	<u>435,276</u>	<u>87</u>	<u>428,502</u>	<u>88</u>
5900	GROSS PROFIT FROM OPERATIONS	<u>64,536</u>	<u>13</u>	<u>60,666</u>	<u>12</u>
6000	OPERATING EXPENSES (Note 19 and 24)	<u>46,175</u>	<u>9</u>	<u>47,964</u>	<u>10</u>
6900	NET OPERATING INCOME	<u>18,361</u>	<u>4</u>	<u>12,702</u>	<u>2</u>
	NON-OPERATING INCOME AND EXPENSES (Note 19 and 24)				
7100	Interest income	1,337	-	920	-
7010	Other income	4,075	1	3,175	1
7020	Other gains and losses	184	-	234	-
7050	Finance costs	<u>(389)</u>	<u>-</u>	<u>(1,256)</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>5,207</u>	<u>1</u>	<u>3,073</u>	<u>1</u>
7900	PROFIT BEFORE TAX	23,568	5	15,775	3
7950	INCOME TAX EXPENSE (Note 20)	<u>4,653</u>	<u>1</u>	<u>3,116</u>	<u>1</u>
8200	NET PROFIT FOR THE PERIOD	<u>18,915</u>	<u>4</u>	<u>12,659</u>	<u>2</u>

(Continued)

Code		For the Three Months Ended March 31			
		2024		2023	
		Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME (LOSS)				
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating foreign operations	\$ 2,973	-	(\$ 1,047)	-
8367	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	-	-	(5)	-
8300	Other comprehensive income (loss) for the period (after tax)	2,973	-	(1,052)	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 21,888</u>	<u>4</u>	<u>\$ 11,607</u>	<u>2</u>
	EARNINGS PER SHARE (Note 21)				
9710	Basic earnings per share	<u>\$ 0.27</u>		<u>\$ 0.18</u>	
9810	Diluted earnings per share	<u>\$ 0.27</u>		<u>\$ 0.18</u>	

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

Chairman: SU, MEI-CHUN

General Manager: TANG, YU-HUA, YANG, ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

Code		Common Stock			Retained Earnings			Other Equity Interest		Total Equity
		Shares (thousands shares)	Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences on translating foreign operations	Unrealized Gain (Loss) Financial Assets at Fair Value Through Other Comprehensive Income	
A1	BALANCE, JANUARY 1, 2023	69,961	\$ 699,612	\$ 62,361	\$ 175,261	\$ 9,690	\$ 254,449	(\$ 3,283)	\$ 5	\$ 1,198,095
D1	Net profit for the three months ended March 31, 2023	-	-	-	-	-	12,659	-	-	12,659
D3	Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	-	(1,047)	(5)	(1,052)
D5	Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	-	12,659	(1,047)	(5)	11,607
Z1	BALANCE, MARCH 31, 2023	<u>69,961</u>	<u>\$ 699,612</u>	<u>\$ 62,361</u>	<u>\$ 175,261</u>	<u>\$ 9,690</u>	<u>\$ 267,108</u>	<u>(\$ 4,330)</u>	<u>\$ -</u>	<u>\$ 1,209,702</u>
A1	BALANCE, JANUARY 1, 2024	69,961	\$ 699,612	\$ 62,361	\$ 182,351	\$ 3,279	\$ 289,498	(\$ 3,480)	\$ -	\$ 1,233,621
D1	Net profit for the three months ended March 31, 2024	-	-	-	-	-	18,915	-	-	18,915
D3	Other comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	-	2,973	-	2,973
D5	Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	-	18,915	2,973	-	21,888
Z1	BALANCE, MARCH 31, 2024	<u>69,961</u>	<u>\$ 699,612</u>	<u>\$ 62,361</u>	<u>\$ 182,351</u>	<u>\$ 3,279</u>	<u>\$ 308,413</u>	<u>(\$ 507)</u>	<u>\$ -</u>	<u>\$ 1,255,509</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

Chairman: SU, MEI-CHUN

General Manager: TANG, YU-HUA, YANG, ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

Code		For the Three Months Ended March 31	
		2024	2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Profit before tax	\$ 23,568	\$ 15,775
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	3,681	3,793
A20200	Amortization expense	524	238
A20300	Expected credit impairment loss (gain on reversal)	9	(23)
A20900	Finance costs	389	1,256
A21200	Interest income	(1,337)	(920)
A22500	(Gain) loss on disposal and retirement of property, plant and equipment, net	-	(446)
A23700	Inventory falling price loss	-	(94)
A24100	Foreign exchange (gains) loss	(739)	(1,102)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(100,735)	(32,862)
A31130	Notes receivable	(810)	(3,506)
A31150	Accounts receivable	(85,241)	92,749
A31180	Other receivables	26,876	73
A31200	Inventories	(4,674)	(84,231)
A31230	Prepayments	(12,577)	(24,475)
A31240	Other current assets	13,522	2,612
A31260	Net defined benefit assets	-	(77)
A32125	Contract liabilities	36,014	(7,303)
A32130	Notes payable	503	733
A32150	Accounts payable	(58,054)	18,673
A32180	Other payables	(37,811)	(23,417)
A32230	Other current liabilities	(2,980)	2,974
A33000	Cash inflows generated from using in operating activities	(199,872)	(39,580)
A33100	Interest received	1,337	1,109
A33300	Interest paid	(365)	(1,283)
A33500	Income taxes paid	(80)	(33)
AAAA	Net cash generated from using in operating activities	(198,980)	(39,787)

(Continued)

Code		For the Three Months Ended March 31	
		2024	2023
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00200	Acquisition of financial assets at fair value through other comprehensive income	\$ -	\$ 6,062
B00040	Acquisition of financial assets measured at amortized cost	(12,063)	(28,046)
B00050	Proceeds from financial assets measured at amortized cost	25,332	-
B02700	Acquisition of property, plant and equipment	(627)	(2,710)
B02800	Proceeds from disposal of property, plant and equipment	-	447
B03700	Increase in refundable deposits	(12,050)	(20,814)
B04500	Acquisition of intangible assets	(116)	(54)
BBBB	Net cash flow used in investing activities	<u>476</u>	<u>(45,115)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Decrease in short-term borrowings	-	(95,000)
C00500	(Decrease) increase in short-term notes and bills payable	(20,000)	120,000
C04020	Repayment of the principal portion of lease liabilities	(2,314)	(1,994)
C04300	Increase (decrease) in other non-current liabilities	<u>103</u>	<u>(38)</u>
CCCC	Net cash (used in) generated from financing activities	<u>(22,211)</u>	<u>22,968</u>
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>959</u>	<u>860</u>
EEEE	Net decrease in cash and cash equivalents	(219,756)	(61,074)
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>383,681</u>	<u>303,671</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 163,925</u>	<u>\$ 242,597</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

Chairman: SU, MEI-CHUN

General Manager: TANG, YU-HUA, YANG, ZHENG-NING

Principal accounting officer: CHEN, XIU-YUE

FORTUNE INFORMATION SYSTEMS CORP. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION

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

The Company's stock has been traded on the Taipei Exchange since September 17, 2001, after being listed on the Taipei Exchange for Over-the-Counter Securities on December 4, 1999.

As of March 31, 2024, the Company has four branches located in Taoyuan, Hsinchu, Taichung, and Kaohsiung.

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

The consolidated financial statements are expressed in the functional currency of the Company, which is New Taiwan Dollar.

The accompanying consolidated financial statements comprise of the Company and its subsidiaries (collectively, the "Group").

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

c. The new IFRS rules announced by IASB but not endorsed by FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments of IFRS 10 and IAS 28 about Asset sales or contributions between investors and their associates or joint ventures	Not decided yet
Insurance contract under IFRS 17	1 January 2023
Amendments of IFRS 17	1 January 2023
Amendment of IFRS 17 about first be applied to IFRS 17 and IFRS 9-comparasion information	1 January 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendment of IAS 21 about Lack of convertibility	1 January 2025 (Note 2)

Note 1: Unless otherwise stated, the aforementioned new, rectified and amended regulations and interpretations to standards or interpretations shall be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

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

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its controlled entities (the subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective dates of acquisitions or to the effective dates of disposals, as appropriate. Financial statements of subsidiaries are adequately adjusted to align their accounting policies with those of the Group. Transactions and balances, and any income and expenses arising from intra-group transactions were eliminated during the preparation of the consolidated financial statements.

Lists of the subsidiaries, percentage of ownership and main business and products are attached hereto as Note 10 and Table 4.

Other Material Accounting Policies

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

a. Current and Non-Current Distinction

An asset is classified as current when:

1. the Group holds the asset primarily for the purpose of trading;
2. the Group expects to realize the asset within twelve months after the reporting period; or
3. the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

1. the Group holds the liability primarily for the purpose of trading;
2. the liability is due to be settled within twelve months after the reporting period; or
3. the Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

b. Retirement benefits

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

c. Income tax expense

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

6. CASH AND CASH EQUIVALENTS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand and revolving funds	\$ 393	\$ 393	\$ 403
Checking accounts and demand deposits	103,438	153,882	73,623
Cash equivalents			
Time deposits with original maturities of less than 3 months	10,223	-	18,900
Repurchase Agreement	<u>49,871</u>	<u>229,406</u>	<u>149,671</u>
	<u>\$ 163,925</u>	<u>\$ 383,681</u>	<u>\$ 242,597</u>

Interest rate during reporting period

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Time deposits with original maturities of less than 3 months	4.00%	-	1.10% ~ 1.16%
Repurchase Agreement	1.27% ~ 1.36%	1.00%	0.87% ~ 0.91%

7. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Time deposits with original maturities of over 3 months	<u>\$ 38,846</u>	<u>\$ 50,291</u>	<u>\$ 53,265</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the annual interest rate of time deposits with original maturities of over 3 months is 4.10 ~ 4.50%, 4.00 ~ 4.50% and 2.66% ~ 3.60%, respectively.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Notes receivable</u>			
Gross carrying amount at amortized cost	<u>\$ 2,024</u>	<u>\$ 1,214</u>	<u>\$ 20,698</u>
<u>Accounts receivable</u>			
Gross carrying amount at amortized cost	\$ 281,537	\$ 196,575	\$ 273,551
Less: Unrealized interest income	(388)	(667)	(883)
Less: Allowance for impairment loss	(<u>227</u>)	(<u>218</u>)	(<u>225</u>)
	<u>\$ 280,922</u>	<u>\$ 195,690</u>	<u>\$ 272,443</u>
Current	<u>\$ 274,836</u>	<u>\$ 186,067</u>	<u>\$ 252,769</u>
Noncurrent	<u>\$ 6,086</u>	<u>\$ 9,623</u>	<u>\$ 19,674</u>
<u>Other receivables</u>			
Receivable for payment on behalf of others	\$ 10,091	\$ 36,816	\$ 28,270
Other	<u>680</u>	<u>831</u>	<u>239</u>
	<u>\$ 10,771</u>	<u>\$ 37,647</u>	<u>\$ 28,509</u>

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

possible irrecoverable amounts. In this regard, the management believes the Group's credit risk could be reasonably reduced.

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

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

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

March 31, 2024

	Not Past Due	Overdue 1 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	O v e r d u e Over 120 days	Total
Gross carrying amount (including unrealized interest income)	\$ 261,881	\$ 20,216	\$ -	\$ 20	\$ 1,056	\$ 283,173
Loss allowance (Lifetime ECLs)	(53)	-	-	-	(174)	(227)
Amortized cost	<u>\$ 261,828</u>	<u>\$ 20,216</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 882</u>	<u>\$ 282,946</u>

December 31, 2023

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

March 31, 2023

	Not Past Due	Overdue 1 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue Over 120 days	Total
Gross carrying amount (including unrealized interest income)	\$ 236,530	\$ 55,787	\$ 88	\$ 58	\$ 903	\$ 293,366
Loss allowance (Lifetime ECLs)	(215)	(10)	-	-	-	(225)
Amortized cost	<u>\$ 236,315</u>	<u>\$ 55,777</u>	<u>\$ 88</u>	<u>\$ 58</u>	<u>\$ 903</u>	<u>\$ 293,141</u>

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

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 218	\$ 246
Add: Net remeasurement of (reversal) loss allowance	<u>9</u>	<u>(21)</u>
Balance at March 31	<u>\$ 227</u>	<u>\$ 225</u>

9. INVENTORIES

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Merchandise	<u>\$ 216,674</u>	<u>\$ 212,000</u>	<u>\$ 288,180</u>

For the three months ended March 31, 2024 and 2023, the cost of goods sold related to inventories amounted to \$320,226 thousand and 298,252 thousand, including the inventory write-down amounted to \$0 thousand and \$94 thousand.

10. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

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

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

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

Note 2. The Company resolved at its board meeting in Nov. 12, 2023 to merger, through a simplified merger, its wholly-owned subsidiary in Dec. 31 2023, IPAC.

Subsidiaries excluded from consolidated: None.

11. PROPERTY, PLANT AND EQUIPMENT

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	\$ 137,657	\$ 137,657	\$ 137,657
Building and improvements	76,026	76,397	78,026
Miscellaneous equipment	<u>20,795</u>	<u>20,066</u>	<u>22,104</u>
	<u>\$ 234,478</u>	<u>\$ 234,120</u>	<u>\$ 237,787</u>

Other than the recognized depreciation expenses, there was no significant purchase, disposal or impairment of the Group's property, plant and equipment for the three months ended March 31, 2024 and 2023.

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

	<u>Depreciation method</u>	<u>Useful life</u>
Building and improvements		
Main building	Straight-line	50 to 60 years
Air conditioning systems and renovation	Fixed-rate progressive decrease	10 to 15 years
Decoration equipment	Straight-line	5 years
Miscellaneous equipment	Fixed-rate progressive decrease	3 to 20 years

As of March 31, 2024, December 31, 2023 and March 31, 2023, the above-mentioned property and equipment do not involve collateral.

12. LEASE ARRANGEMENTS

Right-of-use assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amount			
Land	\$ 212	\$ 424	\$ 1,059
Building	6,090	7,730	13,096
Machine equipment	<u>4,519</u>	<u>4,980</u>	<u>-</u>
	<u>\$ 10,821</u>	<u>\$ 13,134</u>	<u>\$ 14,155</u>
	<u>For the Three Months Ended March 31</u>		
	<u>2024</u>	<u>2023</u>	
Depreciation charge for right-of-use assets			
Land	\$ 212	\$ 212	\$ 212
Building	1,640	1,788	1,788
Machine equipment	<u>461</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,313</u>	<u>\$ 2,000</u>	

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the three months ended March 31, 2024 and 2023.

Lease liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Carrying amounts			
Current	<u>\$ 6,942</u>	<u>\$ 8,645</u>	<u>\$ 7,872</u>
Noncurrent	<u>\$ 3,983</u>	<u>\$ 4,594</u>	<u>\$ 6,382</u>

Ranges of discount rates for lease liabilities are as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	0.88%	0.88%	0.88%
Building	0.88% ~ 1.19%	0.88% ~ 1.19%	0.88% ~ 1.19%
Machine equipment	1.90% ~ 1.99%	1.90% ~ 1.99%	-

Material lease-in activities and terms

The Group leases offices and warehouses with most of the lease terms ranging from 3 to 5 years. The Group does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms. In addition, the Group applies the recognition exemption to leases of building and office equipment as short-term lease and certain photocopier qualifying as low-value asset leases and does not

recognize right-of-use assets and lease liabilities for these leases.

Other material information for leases is as follow:

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Expenses relating to short-term leases and low-value asset leases	\$ 447	\$ 321
Total cash flow for leases	(<u>\$ 2,909</u>)	(<u>\$ 2,354</u>)

13. INVESTMENT PROPERTIES

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	\$ 34,385	\$ 34,385	\$ 34,385
Building	<u>26,359</u>	<u>26,532</u>	<u>27,106</u>
	<u>\$ 60,744</u>	<u>\$ 60,917</u>	<u>\$ 61,491</u>

Other than the recognized depreciation expenses, there was no significant purchase, disposal or impairment of the Group's investment properties for the three months ended March 31, 2024 and 2023.

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

	<u>Depreciation method</u>	<u>Useful life</u>
Main building	Straight-line	50 years
Air conditioning systems and renovation	Fixed-rate progressive decrease	5 to 15 years

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

All investment properties are own right and interest.

14. BORROWINGS

Short-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured loans	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 70,000</u>

As of March 31, 2024, December 31, 2023 and March 31, 2023, the annual interest rates of bank unsecured loans are 2.08%, 2.08% and 1.86%, respectively.

Short-term bills payable

March 31, 2024

Guarantor / accepting institution	Face amount	Discount	Carrying amount	Interest rate
<u>Commercial paper payable</u>				
Union Bank	\$ 30,000	\$ 39	\$ 29,961	1.91%

December 31, 2023

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

March 31, 2023

Guarantor / accepting institution	Face amount	Discount	Carrying amount	Interest rate
<u>Commercial paper payable</u>				
Union Bank	\$ 60,000	\$ 63	\$ 59,937	1.66%
Ta Ching Bill	60,000	52	59,948	1.76%
TCB Bank	60,000	63	59,937	1.67%
	<u>\$ 180,000</u>	<u>\$ 178</u>	<u>\$ 179,822</u>	

15. OTHER LIABILITIES

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Payables for employees' salaries and bonus	\$ 64,220	\$ 52,342	\$ 58,900
Payables for receipts under custody	20,358	40,836	27,953
Payables for annual leave	12,371	14,756	13,120
Payables for insurance	5,220	6,268	6,110
Others	17,404	43,182	16,645
	<u>\$ 119,573</u>	<u>\$ 157,384</u>	<u>\$ 122,728</u>

16. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group’s defined benefit retirement plans were calculated using the actuarially determined person cost discount rate as of December 31, 2023 and 2022. For the three months ended March 31, 2024 and 2023, the Group recognized \$320,226 thousand and 77 thousand, respectively.

17. EQUITY

Common shares

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Number of authorized shares (in thousands)	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>
Amount of authorized shares	<u>\$ 1,070,000</u>	<u>\$ 1,070,000</u>	<u>\$ 1,070,000</u>
Number of issued and fully paid shares (in thousands)	<u>69,961</u>	<u>69,961</u>	<u>69,961</u>
Amount of issued and fully paid shares	<u>\$ 699,612</u>	<u>\$ 699,612</u>	<u>\$ 699,612</u>

Capital surplus

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

Capital surplus generated from the excess of the issue price over the par value of capital stock, including the stock issued for new capital and treasury stock transactions, may be applied to make-up accumulated deficit, if any, or be transferred to capital as stock dividends, or be distributed as cash dividends when there is no accumulated deficit, and this transfer is restricted to a certain percentage of the paid-in capital.

Appropriation of earnings and dividend policy

The Company’s Articles of Incorporation provide that appropriation for legal reserve should be made at 10% of annual net income, less any accumulated deficit. From the remainder of the net income, appropriation for special reserve will be made based on relevant laws

and regulations, and then any remaining profit together with any undistributed retained earnings may be appropriated and distributed.

Any further remaining profits plus unappropriated earnings shall be distributed in accordance with the proposal submitted by the Board of Directors for approval at a stockholders' meeting. For the policies on distribution compensation of employees, please refer to Note 19.

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

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

Under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate to or reverse from special reserve.

The appropriation of earnings for 2023 and 2022, which was proposed by the Company's board of directors and shareholders' meeting on March 14, 2024 and June 19, 2023, was as follows:

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

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held on June 18, 2024.

18. REVENUE

Contract balances

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivables (Note 8)	<u>\$ 280,922</u>	<u>\$ 195,690</u>	<u>\$ 272,443</u>	<u>\$ 365,171</u>
Contract assets	<u>\$ 670,279</u>	<u>\$ 569,544</u>	<u>\$ 669,295</u>	<u>\$ 636,433</u>
Contract liability	<u>\$ 125,610</u>	<u>\$ 89,596</u>	<u>\$ 87,144</u>	<u>\$ 94,447</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Gross carrying amount	<u>\$ 670,279</u>	<u>\$ 569,544</u>	<u>\$ 669,295</u>
Provision	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 670,279</u>	<u>\$ 569,544</u>	<u>\$ 669,295</u>

Contract information

<u>Item</u>	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Revenue from the sale of goods and system integration	\$ 384,580	\$ 345,374
Revenue from rendering of services	<u>115,232</u>	<u>143,794</u>
	<u>\$ 499,812</u>	<u>\$ 489,168</u>

19. NET PROFIT

Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net foreign exchange (losses) gains	\$ 184	(\$ 183)
Gain on disposal of property, plant and equipment	-	446
Other	-	(29)
	<u>\$ 184</u>	<u>\$ 234</u>

Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	\$ 1,029	\$ 548
Debt instrument at FVTOCI	-	21
Other	308	351
	<u>\$ 1,337</u>	<u>\$ 920</u>

Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on lease liabilities	\$ 40	\$ 35
Interest on bank loans	349	1,221
	<u>\$ 389</u>	<u>\$ 1,256</u>

Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	\$ 1,195	\$ 1,583
Right-of-use assets	2,313	2,000
Investment properties	173	210
Other intangible assets	<u>524</u>	<u>238</u>
Total	<u>\$ 4,205</u>	<u>\$ 4,031</u>
Depreciation expenses summarized by function		
Operating costs	\$ 2,112	\$ 1,921
Operating expenses	<u>1,569</u>	<u>1,872</u>
	<u>\$ 3,681</u>	<u>\$ 3,793</u>
Amortization expenses summarized by function		
Operating costs	\$ 17	\$ 10
Operating expenses	<u>507</u>	<u>228</u>
	<u>\$ 524</u>	<u>\$ 238</u>

Employee benefits expenses

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits		
Payroll	\$ 83,954	\$ 75,636
Labor and health insurance	7,516	8,103
Other employee benefits	<u>3,530</u>	<u>5,395</u>
	<u>95,000</u>	<u>89,134</u>
Post-employment benefits	3,588	3,573
Defined contribution plans	<u>-</u>	<u>(77)</u>
Defined benefit plans (Note 16)	<u>3,588</u>	<u>3,496</u>
	<u>\$ 98,588</u>	<u>\$ 92,630</u>
Total employee benefits expenses		
Employee benefits expenses by function	\$ 62,243	\$ 56,146
Operating costs	<u>36,345</u>	<u>36,484</u>
	<u>\$ 98,588</u>	<u>\$ 92,630</u>

Compensation of employees

According to the Company's articles of incorporation, the Company do not have to accrue remuneration of directors. The compensation of employees is accrued at the rate of 6% of net profit before income tax. Compensation of employees is as follow:

	For the Three Months Ended March 31			
	2024		2023	
	Cash	%	Cash	%
Profit sharing bonus to employees	<u>\$ 1,334</u>	6	<u>\$ 879</u>	6

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

The profit sharing bonus to employees for 2023 and 2022, which was proposed by the Company's board of directors and shareholders' meeting on March 14, 2024 and June 19, 2023, was as follows:

	2023		2022	
	Cash	%	Cash	%
Profit sharing bonus to employees	<u>\$ 5,680</u>	6	<u>\$ 4,611</u>	6

There is no difference between the actual amounts of employees' compensation paid and amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022. The information about the appropriations of profit sharing bonus to employees is available at the Market Observation Post System website.

20. INCOME TAXES

The major components of income tax recognized in profit or loss

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the period	\$ 4,548	\$ 3,140
Deferred tax		
In respect of the period	<u>105</u>	<u>(24)</u>
Income tax recognized in profit or loss	<u>\$ 4,653</u>	<u>\$ 3,116</u>

Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
<u>Current deferred tax</u>		
Unrealized gain (loss) on financial assets at FVTOCI	\$ <u>-</u>	\$ <u>1</u>

Income tax assessment

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

<u>Name</u>	<u>Year</u>
FIS	2021
FTSC	2022

21. EARNINGS PER SHARE

Net income and weighted average number of common shares used for calculation of earnings per share are as follows:

Net income

	For the Three Months Ended March 31	
	2024	2023
Net income of common shares used for calculation of basic and diluted earnings per share	\$ <u>18,915</u>	\$ <u>12,659</u>

Number of share (in thousands)

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of common shares used for calculation of basic earnings per share	69,961	69,961
Effect of potentially dilutive common shares:		
Employees' compensation	<u>206</u>	<u>200</u>
Weighted average number of common shares used for calculation of diluted earnings per share	<u>70,167</u>	<u>70,161</u>

Since the Group has the discretion to settle the employees' compensation by cash or stock, the Group should presume that the entire amount of the compensation will be settled in stock, and the potential stock dilution

should be included in the weighted-average number of stock outstanding used in the calculation of diluted EPS, provided there is a dilutive effect. Such dilutive effect of the potential stock needs to be included in the calculation of diluted EPS until employees' compensation is approved in the following year.

22. CAPITAL RISK MANAGEMENT

The Group manages capital management under the precondition for sustainable development to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity.

The capital structure of the Group is composed of equities attributable to the Group (capital, capital reserve, retained earnings, and other equity items).

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

23. FINANCIAL INSTRUMENTS

Information on fair value—Financial instruments not measured at fair value

The Group considers that the carrying amount of financial assets and liabilities that are not at fair value is close to the fair value.

Category of financial instruments

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Amortized cost (Note 1)	\$ 676,912	\$ 836,897	\$ 803,055
<u>Financial liabilities</u>			
Amortized cost (Note 2)	519,674	635,012	834,870

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

Note 2. The balance includes financial liabilities measured at amortized cost such as short-term borrowings, accounts payables, other payables, long-term payables, and deposited margins.

Financial risk management objectives and policies

The main financial instruments of the Group include debt instrument investments, notes and account receivables, account payables, loans,

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

1) Market risk

The main financial risks that the Group's operating activities make the Group bear are the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

a) Foreign exchange risk

The Group's exchange rate risk arising from the foreign financial instrument investments.

For the monetary assets and liabilities of the Group denominated in non-functional currencies on the consolidated balance sheet date (include monetary items denominated in non-functional currencies that have been offset in the consolidated financial statements), refer to Notes 27.

Sensitivity analysis

The Group is mainly exposed to USD fluctuations.

When the New Taiwan Dollar and the Hong Kong Dollar (functional currencies) appreciate/depreciate by 5% against the US Dollar, the combined company's pre-tax net profit for the three months ended March 31, 2024 and 2023 will decrease/increase by NT\$371 thousands and NT\$228 thousands, respectively. A sensitivity rate of 5% is used internally when foreign exchange risk is reported to the management. It also represents the management's assessment on the reasonably possible scope of foreign exchange rates. Sensitivity analysis only includes monetary items in foreign currencies in circulation and forward foreign exchange contracts designated as cash flow hedging, and the conversion at the end of the period is adjusted with a change in exchange

rate of 5%. The Group's sensitivity analysis of foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period.

b) Interest rate risk

The interest rate risk insurance was incurred because of the deposit of entities in the Group at fixed and floating interest rate at the same time. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied

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

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
— Financial assets	\$ 98,940	\$ 279,697	\$ 221,836
— Financial liabilities	70,886	93,176	264,076
Cash flow interest rate risk			
— Financial assets	51,260	43,603	39,633

Sensitivity analysis

If interest rates had been 5% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 and 2023 would decrease/increase by NT\$641 thousands and NT\$495 thousands, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting years, the Group's maximum exposure to credit risk, which would cause a financial loss to the

Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

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

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

Ongoing credit evaluation is performed on the financial condition of customers in view of trade receivables and, where appropriate, credit guarantee insurance cover is purchased. The Group does not hold any collateral or other credit enhancement instruments to mitigate credit risk of financial assets.

3) Liquidity risk

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

As of the three months ended March 31, 2024 and 2023, the Group had available unutilized bank loan facilities set out in (b) below.

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

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

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 156,208	\$ 99,495	\$ 200,011	\$ 3,298
Lease liabilities	784	1,570	4,688	4,035
Fixed interest rate instrument	<u>30,052</u>	<u>30,094</u>	<u>-</u>	<u>-</u>
	<u>\$ 187,044</u>	<u>\$ 131,159</u>	<u>\$ 204,699</u>	<u>\$ 7,333</u>

December 31, 2023

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

March 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 year
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 124,200	\$ 174,665	\$ 282,731	\$ 3,167
Lease liabilities	676	1,353	5,937	6,428
Fixed interest rate instrument	<u>180,091</u>	<u>70,867</u>	<u>-</u>	<u>-</u>
	<u>\$ 304,967</u>	<u>\$ 246,885</u>	<u>\$ 288,668</u>	<u>\$ 9,595</u>

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

b) Financing facilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank facilities			
– Amount used	\$ 155,761	\$ 148,370	\$ 308,100
– Amount unused	<u>435,885</u>	<u>603,276</u>	<u>419,426</u>
	<u>\$ 591,646</u>	<u>\$ 751,646</u>	<u>\$ 727,526</u>

24. RELATED-PARTY TRANSACTIONS

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

Related party name and category

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

Operating revenues

<u>Account Items</u>	<u>Related Party Category/Name</u>	<u>For the Three Months Ended March 31</u>	
		<u>2024</u>	<u>2023</u>
Operating revenues	Investor with significant influence over the Group	\$ 638	\$ 236
	Brother corporation	<u>429</u>	<u>-</u>
		<u>\$ 1,067</u>	<u>\$ 236</u>

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

Contract assets

Account Items	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Contract assets	Investor with significant influence over the Group	<u>\$ 72</u>	<u>\$ 58</u>	<u>\$ -</u>

The Group did not recognize loss allowance for the contract assets from related parties for the three months ended March 31, 2024 and 2023.

Receivables from related parties

Account Items	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Investor with significant influence over the Group	<u>\$ 707</u>	<u>\$ 178</u>	<u>\$ 395</u>

The Group did not obtain guarantees for receivables from related parties. The Group did not recognize loss allowance for receivables from related parties for the three months ended March 31, 2024 and 2023.

Contract liabilities

Account Items	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Contract liabilities	Brother corporation	<u>\$ 924</u>	<u>\$ -</u>	<u>\$ -</u>

Lease liabilities

Account Items	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Lease liabilities	Investor with significant influence over the Group	<u>\$ 4,189</u>	<u>\$ 5,580</u>	<u>\$ 9,733</u>

Account Items	Related Party Category/Name	For the Three Months Ended March 31	
		2024	2023
Interest expenses	Investor with significant influence over the Group	<u>\$ 10</u>	<u>\$ 22</u>
Lease expenses	Investor with significant influence over the Group	<u>\$ 15</u>	<u>\$ 38</u>

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

Endorsements and guarantees

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

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

Compensation of key management personnel

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 5,205	\$ 7,379
Post-employment benefits	<u>101</u>	<u>176</u>
	<u>\$ 5,306</u>	<u>\$ 7,555</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As at March 31, 2024, the amount of the performance guarantee that the Group entrusted financial institutions to issue is as follow:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Performance guarantee	<u>\$ 95,761</u>	<u>\$ 68,370</u>	<u>\$ 58,100</u>

26. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

After internal evaluation, the subsidiaries of the Company, HK FIS and SBAS, planed to sell a property and building in Hong Kong for approximately NT\$20,191 thousand. Additionally, for resource integration within the group, the Company's board of directors approved the dissolution and liquidation of the subsidiaries HK FIS and SBAS on May 9, 2024.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates

between foreign currencies and respective functional currencies were as follows:

March 31, 2024			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 200	32.00 (USD : NTD)	\$ 6,400
USD	32	7.83 (USD : HKD)	<u>1,024</u>
			<u>\$ 7,424</u>
December 31, 2023			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 115	30.71 (USD : NTD)	\$ 3,531
USD	32	7.82 (USD : HKD)	<u>983</u>
			<u>\$ 4,514</u>
March 31, 2023			
	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 73	30.45 (USD : NTD)	\$ 2,223
USD	77	7.85 (USD : HKD)	<u>2,345</u>
			<u>\$ 4,568</u>

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

For the Three Months Ended March 31						
Functional Currency	2024			2023		
	Functional currency to presentation currency	Exchange gains or losses	Exchange gains or losses	functional currency to presentation currency	Exchange gains or losses	Exchange gains or losses
NTD	1 (NTD : NTD)	\$ 198	(\$ 176)	1 (NTD : NTD)	\$ 198	(\$ 176)
HKD	4.02 (HKD : NTD)	(14)	(7)	3.88 (HKD : NTD)	(14)	(\$ 183)
		<u>\$ 184</u>	<u>(\$ 183)</u>			

28. SUPPLEMENTARY DISCLOSURES

Significant transactions information

- 1) Loans to others: Table 1.
- 2) Provision of endorsements and guarantees to others: Table 2.
- 3) Holding of marketable securities at the end of the period (not including subsidiaries): None.
- 4) Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's 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 in derivative instruments undertaken during the reporting periods: None.
- 10) Significant inter-company transactions during the reporting periods: Table 3.

Information on investees: Table 4.

Information on investments in Mainland China

- 1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: None.
- 2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, and unrealized gain or loss: None

Major shareholders information

The name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or great: Table 5.

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for purpose of resource allocation and assessment of segment performance focuses on financial information. The Group reportable segments were FIS operation and other operations.

Segment revenue and operating results

	Segment revenue		Segment income	
	For the Three Months Ended March 31			
	2024	2023	2024	2023
Reportable segments				
FIS operation	\$ 484,861	\$ 471,050	\$ 17,331	\$ 10,355
Other operations	22,511	24,975	532	1,818
Adjustments and eliminations	(7,560)	(6,857)	498	529
Total	<u>\$ 499,812</u>	<u>\$ 489,168</u>	18,361	12,702
Non-operating income and expenses			<u>5,207</u>	<u>3,073</u>
Profit (loss) before tax			<u>\$ 23,568</u>	<u>\$ 15,775</u>

Transactions between segments are priced based on market prices.

Segment profit (loss) represented the profit before income tax earned by each segment without non-operating income and expenses. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Segment assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision maker. Therefore, no assets and liabilities were presented under operating segments.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
 FINANCINGS PROVIDED
 FOR THE THREE MONTHS ENDED MARCH 31, 2024
 (Amounts in Thousands of New Taiwan Dollars)

No (Note 1)	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financin g (Note 4)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 3)	Financing Company's Total Financing Amount Limits (Note 3)	Note
													Item	Value			
0	The Company	FTSC	Other receivables	Yes	\$ 300,000	\$ 300,000	\$ -	The interest on funds lent shall be calculated on a daily basis and shall not be lower than the Company's cost of funds on the day of the loan.	2	\$ -	Operating capital	\$ -	—	\$ -	\$ 376,653	\$ 376,653	

Note 1 : The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'

(2) The subsidiaries are numbered in order starting from '1'

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

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

Note 4 : Nature for Financing:

(1) Business dealings.

(2) Short-term financing needs.

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
 ENDORSEMENTS/GUARANTEES PROVIDED
 FOR THE THREE MONTHS ENDED MARCH 31, 2024
 (Amounts in Thousands of New Taiwan Dollars)

No (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 2)										
0	The Company	FTSC	2	\$ 627,755	\$ 300,000	\$ 300,000	\$ -	\$ -	23.89	\$ 1,255,509	Y	N	N

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

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

Note2 : Nature for endorsement/ guarantee provided:

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

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

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

(Amounts in Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms	
0	The Company	FTSC	1	Service incomes	2,110	Note 2	-
			1	Other incomes	508	Note 2	-
			1	Cost of goods sold	126	Note 2	-
			1	Service cost	1,344	Note 2	-
			1	Accounts receivable	6,935	Note 2	-
			1	Other receivables	2,668	Note 2	-
			1	Accounts payable	127	Note 2	-
			1	Other payables	1,087	Note 2	-
			1	Contract liabilities	8	Note 2	-
			1	Logistic service incomes (recognized as deduction of costs and expenses)	7,532	Note 2	2%
1	HK FIS	SBAS	3	Service incomes	3,356	Note 2	1%
			3	Prepayments	6,978	Note 2	-
			3	Cost of goods sold	624	Note 2	-
			3	Contract liabilities	11,010	Note 2	1%

Note1 : (1) Parent to subsidiary.

(2) Subsidiary to parent.

(3) Between subsidiaries.

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

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

FORTUNE INFORMATION SYSTEMS CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

FOR THE THREE MONTHS ENDED MARCH 31, 2024

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Value			
The Company	HK FIS	Hong Kong	Information	\$ 38,484	\$ 38,484	8,426,000	100%	\$ 60,593	\$ 497	\$ 497	Subsidiary
	SBAS	Hong Kong	Information	1,452	1,452	20,000	100%	15,990	514	514	Subsidiary
	FTSC	Taipei	Information Service	400,000	400,000	40,000,000	100%	454,203	10,671	10,674	Subsidiary

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

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

Table 5

FORTUNE INFORMATION SYSTEMS CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
Standard Plastics LTD.	19,290,327	27.57%
CECGP Electronics Corp.	17,847,954	25.51%

Note1 : The table discloses the information of major stockholders whose stockholding percentages are more than 5%. The Taiwan Depository & Clearing Corporation calculates the total number of common stocks and special stocks (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter. The number of stocks reported in the TWM's consolidated financial statements and the actual number of stocks that have completed the dematerialized registration and delivery may be different due to the basis of calculation.

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