

Syscom Computer Engineering Co.
and Subsidiaries

Consolidated Financial Statements for the
Nine Months Ended September 30, 2023 and 2022 and
Independent Auditors' Review Report

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China.

If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated only financial statements, the Chinese version shall prevail.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Syscom Computer Engineering Company

Introduction

We have reviewed the accompanying consolidated balance sheets of Syscom Computer Engineering Company and its subsidiaries (collectively, the "Group") as of September 30, 2023 and 2022, the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion 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 12 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 September 30, 2023 and 2022, combined total assets of these non-significant subsidiaries were NT\$388,850 thousand and NT\$418,662 thousand, respectively, representing 8% and 10%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$274,201 thousand and NT\$267,897 thousand, respectively, representing 10% and 12%, respectively, of the consolidated total liabilities; for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the amounts of combined total comprehensive loss of these subsidiaries were NT\$13,591 thousand, NT\$27,479 thousand, NT\$38,943 thousand and NT\$64,512 thousand, respectively, representing (22%), (51%), (20%) and (40%), respectively, of the consolidated total comprehensive income. As disclosed in Note 13 to the consolidated financial statements, as of September 30, 2023 and 2022, investments accounted for using the equity method were NT\$66,013 thousand and NT\$66,861 thousand, respectively, and for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the comprehensive income(loss) of these equity-method investments were NT\$(1,560) thousand, NT\$1,394 thousand, NT\$(2,347) thousand and NT\$3,305 thousand, respectively, which were calculated on the basis of financial statements that have not been reviewed. In addition, the information related to the subsidiaries and investee companies mentioned in Note 30 have also not been reviewed.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries, the investments accounted for using the equity method 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 September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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 Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Li-Wen, Kuo and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 2023

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 independent auditors’ review report and consolidated financial statements shall prevail.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2023, DECEMBER 31, 2022 AND SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%
	CURRENT ASSETS						
1100	Cash and cash equivalents (Notes 6)	\$ 801,218	17	\$ 600,941	13	\$ 502,117	12
1110	Financial assets at fair value through profit or loss - current (Notes 7)	10,206	-	19,956	-	20,662	1
1136	Financial assets at amortized cost - current (Notes 9 and 27)	182,839	4	202,721	5	209,280	5
1140	Contract assets - current (Notes 21)	565,327	12	486,381	11	601,118	15
1150	Notes receivable	8,105	-	2,598	-	8,466	-
1172	Accounts receivable (Notes 10 and 26)	968,442	20	1,489,172	34	1,004,499	24
1200	Other receivables	15,586	-	6,054	-	3,765	-
1220	Current tax assets	678	-	265	-	269	-
130X	Inventories (Notes 11)	811,214	17	453,997	10	592,905	14
1410	Prepayments	515,252	11	383,124	9	398,937	10
1479	Other current assets	97,963	2	119,540	3	113,875	3
11XX	Total current assets	<u>3,976,830</u>	<u>83</u>	<u>3,764,749</u>	<u>85</u>	<u>3,455,893</u>	<u>84</u>
	NON-CURRENT ASSETS						
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 8)	31,612	1	25,737	1	22,913	-
1535	Financial assets at amortized cost - non-current (Notes 9 and 27)	183,120	4	129,195	3	129,502	3
1550	Investments accounted for using the equity method (Notes 13)	66,013	1	69,518	2	66,861	2
1600	Property, plant and equipment (Notes 14, 26 and 27)	354,972	8	357,328	8	356,113	9
1755	Right-of-use assets (Notes 15 and 26)	107,410	2	20,655	-	31,839	1
1821	Intangible assets (Notes 16)	2,497	-	2,410	-	2,312	-
1840	Deferred tax assets (Notes 4)	9,659	-	13,665	-	17,437	-
1990	Other non-current assets	60,280	1	51,683	1	53,201	1
15XX	Total non-current assets	<u>815,563</u>	<u>17</u>	<u>670,191</u>	<u>15</u>	<u>680,178</u>	<u>16</u>
1XXX	TOTAL	<u>\$ 4,792,393</u>	<u>100</u>	<u>\$ 4,434,940</u>	<u>100</u>	<u>\$ 4,136,071</u>	<u>100</u>
	LIABILITIES AND EQUITY						
	CURRENT LIABILITIES						
2100	Short-term borrowings (Notes 17)	\$ 262,074	5	\$ 180,922	4	\$ 183,662	4
2110	Short-term bills payable (Notes 17)	49,961	1	-	-	-	-
2130	Contract liabilities - current (Notes 21)	512,958	11	238,583	6	268,373	7
2150	Notes payable	737	-	16,026	-	589	-
2170	Accounts payable (Note 26)	1,468,516	31	1,400,023	32	1,325,729	32
2200	Other payables (Note 18)	262,879	6	392,297	9	248,718	6
2230	Current tax liabilities	4,002	-	33,097	1	11,054	-
2280	Lease liabilities - current (Notes 15 and 26)	47,077	1	8,513	-	18,328	-
2399	Other current liabilities	23,121	-	14,796	-	19,341	1
21XX	Total current liabilities	<u>2,631,325</u>	<u>55</u>	<u>2,284,257</u>	<u>52</u>	<u>2,075,794</u>	<u>50</u>
	NON-CURRENT LIABILITIES						
2572	Deferred tax liabilities (Notes 4)	10,044	-	11,130	-	10,979	-
2580	Lease liabilities - non-current (Notes 15 and 26)	60,919	1	12,426	-	14,525	-
2640	Net defined benefits liabilities - non-current (Notes 4)	41,565	1	54,658	1	73,236	2
2645	Guarantee deposits received	17,963	1	17,656	1	17,171	1
25XX	Total non-current liabilities	<u>130,491</u>	<u>3</u>	<u>95,870</u>	<u>2</u>	<u>115,911</u>	<u>3</u>
2XXX	Total liabilities	<u>2,761,816</u>	<u>58</u>	<u>2,380,127</u>	<u>54</u>	<u>2,191,705</u>	<u>53</u>
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 20)						
3110	Share capital - ordinary shares	1,000,000	21	1,000,000	22	1,000,000	24
3200	Capital surplus	1,275	-	1,547	-	1,547	-
	Retained earnings						
3310	Legal reserve	330,483	7	303,977	7	303,977	7
3320	Special reserve	17,619	-	17,619	1	17,619	1
3350	Unappropriated earnings	666,258	14	722,955	16	611,409	15
3300	Total retained earnings	<u>1,014,360</u>	<u>21</u>	<u>1,044,551</u>	<u>24</u>	<u>933,005</u>	<u>23</u>
3400	Other equity	11,842	-	3,747	-	2,332	-
31XX	Total equity of the owners of the Company	<u>2,027,477</u>	<u>42</u>	<u>2,049,845</u>	<u>46</u>	<u>1,936,884</u>	<u>47</u>
36XX	Non-controlling interests (Note 20)	<u>3,100</u>	<u>-</u>	<u>4,968</u>	<u>-</u>	<u>7,482</u>	<u>-</u>
3XXX	Total equity	<u>2,030,577</u>	<u>42</u>	<u>2,054,813</u>	<u>46</u>	<u>1,944,366</u>	<u>47</u>
	TOTAL	<u>\$ 4,792,393</u>	<u>100</u>	<u>\$ 4,434,940</u>	<u>100</u>	<u>\$ 4,136,071</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 13, 2023)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

Code		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	OPERATING REVENUE (Notes 21 and 26)								
4100	Sales	\$1,200,131	77	\$1,153,905	77	\$3,161,391	75	\$3,003,469	75
4600	Maintenance revenue	361,353	23	334,248	23	1,069,852	25	970,370	24
4300	Rental revenue	<u>4,610</u>	-	<u>4,488</u>	-	<u>13,425</u>	-	<u>13,571</u>	<u>1</u>
4000	Total operating revenue	<u>1,566,094</u>	<u>100</u>	<u>1,492,641</u>	<u>100</u>	<u>4,244,668</u>	<u>100</u>	<u>3,987,410</u>	<u>100</u>
	OPERATING COSTS (Notes 11, 19, 22, and 26)								
5110	Cost of goods sold	886,068	56	873,684	59	2,346,177	55	2,269,187	57
5600	Maintenance costs	260,140	17	224,125	15	749,098	18	685,371	17
5300	Rental costs	<u>3,396</u>	-	<u>4,205</u>	-	<u>10,759</u>	-	<u>11,285</u>	-
5000	Total operating costs	<u>1,149,604</u>	<u>73</u>	<u>1,102,014</u>	<u>74</u>	<u>3,106,034</u>	<u>73</u>	<u>2,965,843</u>	<u>74</u>
5900	GROSS PROFIT	<u>416,490</u>	<u>27</u>	<u>390,627</u>	<u>26</u>	<u>1,138,634</u>	<u>27</u>	<u>1,021,567</u>	<u>26</u>
	OPERATING EXPENSES (Notes 10, 19, 22, and 26)								
6100	Selling and marketing expenses	302,810	19	274,963	18	767,796	18	698,363	17
6300	Research and development expenses	69,055	5	59,766	4	178,002	4	183,120	5
6450	Expected credit loss (reversal of credit loss) on trade receivables	(<u>104</u>)	-	(<u>10</u>)	-	(<u>81</u>)	-	(<u>48</u>)	-
6000	Total operating expenses	<u>371,761</u>	<u>24</u>	<u>334,719</u>	<u>22</u>	<u>945,717</u>	<u>22</u>	<u>881,435</u>	<u>22</u>
6900	PROFIT FROM OPERATIONS	<u>44,729</u>	<u>3</u>	<u>55,908</u>	<u>4</u>	<u>192,917</u>	<u>5</u>	<u>140,132</u>	<u>4</u>
	NON-OPERATING INCOME AND EXPENSES								
7100	Interest income (Note 22)	1,777	-	991	-	7,290	-	2,735	-
7010	Other income (Notes 22 and 26)	27,950	2	17,940	1	37,017	1	57,996	1
7020	Other gains and losses (Note 22)	5,585	-	(6,538)	-	3,121	-	(12,071)	-
7050	Finance costs (Notes 22 and 26)	(4,300)	-	(2,132)	-	(12,064)	-	(5,076)	-
7060	Share of profit or loss of associates and joint ventures (Note 13)	(<u>1,560</u>)	-	<u>1,394</u>	-	(<u>2,347</u>)	-	<u>3,305</u>	-
7000	Total non-operating income and expenses	<u>29,452</u>	<u>2</u>	<u>11,655</u>	<u>1</u>	<u>33,017</u>	<u>1</u>	<u>46,889</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX	74,181	5	67,563	5	225,934	6	187,021	5
7950	INCOME TAX EXPENSE (Notes 4 and 23)	<u>6,431</u>	<u>1</u>	<u>11,255</u>	<u>1</u>	<u>37,562</u>	<u>1</u>	<u>36,711</u>	<u>1</u>
8200	NET PROFIT	<u>67,750</u>	<u>4</u>	<u>56,308</u>	<u>4</u>	<u>188,372</u>	<u>5</u>	<u>150,310</u>	<u>4</u>

(Continued)

Code		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
	OTHER COMPREHENSIVE INCOME								
8310	Items that will not be reclassified subsequently to profit or loss:								
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income(Note 20)	(\$ 6,438)	-	(\$ 9,238)	(1)	\$ 5,875	-	(\$ 1,914)	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations(Note 20)	45	-	6,292	-	2,328	-	11,487	-
8370	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method(Note 20)	12	-	21	-	(181)	-	(239)	-
8300	Total other comprehensive income, net of income tax	(6,381)	-	(2,925)	-	8,022	-	9,334	-
8500	TOTAL COMPREHENSIVE INCOME	<u>\$ 61,369</u>	<u>4</u>	<u>\$ 53,383</u>	<u>4</u>	<u>\$ 196,394</u>	<u>5</u>	<u>\$ 159,644</u>	<u>4</u>
	NET INCOME								
	ATTRIBUTABLE TO:								
8610	Owners of the Company	\$ 68,018	4	\$ 57,737	4	\$ 189,809	5	\$ 153,515	4
8620	Non-controlling interests	(358)	-	(1,429)	-	(1,437)	-	(3,205)	-
8600		<u>\$ 67,750</u>	<u>4</u>	<u>\$ 56,308</u>	<u>4</u>	<u>\$ 188,372</u>	<u>5</u>	<u>\$ 150,310</u>	<u>4</u>
	TOTAL COMPREHENSIVE INCOME (LOSS)								
	ATTRIBUTABLE TO:								
8710	Owners of the Company	\$ 61,871	4	\$ 54,806	4	\$ 197,904	5	\$ 162,768	4
8720	Non-controlling interests	(502)	-	(1,423)	-	(1,510)	-	(3,124)	-
8700		<u>\$ 61,369</u>	<u>4</u>	<u>\$ 53,383</u>	<u>4</u>	<u>\$ 196,394</u>	<u>5</u>	<u>\$ 159,644</u>	<u>4</u>
	EARNINGS PER SHARE (Note 24)								
9710	Basic	<u>\$ 0.68</u>		<u>\$ 0.58</u>		<u>\$ 1.90</u>		<u>\$ 1.54</u>	
9810	Diluted	<u>\$ 0.67</u>		<u>\$ 0.58</u>		<u>\$ 1.89</u>		<u>\$ 1.53</u>	

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

(With Deloitte & Touche auditors' review report dated November 13, 2023)

(Concluded)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(In Thousands of New Taiwan Dollars, except Dividend Per Share)

		Equity attributable to owners of the Company									
		Retained earnings					Other equity		Total	Non-controlling interests	Total equity
		Share capital - ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income			
C o d e											
A1	BALANCE AT JANUARY 1, 2022	\$ 1,000,000	\$ 1,547	\$ 281,889	\$ 17,619	\$ 669,982	(\$ 20,350)	\$ 13,429	\$ 1,964,116	\$ 10,641	\$ 1,974,757
	Appropriation of the 2021 earnings										
B1	Legal reserve	-	-	22,088	-	(22,088)	-	-	-	-	-
B5	Cash dividends - NT\$1.9 per share	-	-	-	-	(190,000)	-	-	(190,000)	-	(190,000)
D1	Net profit for the nine months ended September 30, 2022	-	-	-	-	153,515	-	-	153,515	(3,205)	150,310
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	11,167	(1,914)	9,253	81	9,334
D5	Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	153,515	11,167	(1,914)	162,768	(3,124)	159,644
O1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(35)	(35)
Z1	BALANCE AT SEPTEMBER 30, 2022	<u>\$ 1,000,000</u>	<u>\$ 1,547</u>	<u>\$ 303,977</u>	<u>\$ 17,619</u>	<u>\$ 611,409</u>	(<u>\$ 9,183</u>)	<u>\$ 11,515</u>	<u>\$ 1,936,884</u>	<u>\$ 7,482</u>	<u>\$ 1,944,366</u>
A1	BALANCE AT JANUARY 1, 2023	\$ 1,000,000	\$ 1,547	\$ 303,977	\$ 17,619	\$ 772,955	(\$ 10,592)	\$ 14,339	\$ 2,049,845	\$ 4,968	\$ 2,054,813
	Appropriation of the 2022 earnings										
B1	Legal reserve	-	-	26,506	-	(26,506)	-	-	-	-	-
B5	Cash dividends - NT\$2.2 per share	-	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
D1	Net profit for the nine months ended September 30, 2023	-	-	-	-	189,809	-	-	189,809	(1,437)	188,372
D3	Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	2,220	5,875	8,095	(73)	8,022
D5	Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	189,809	2,220	5,875	197,904	(1,510)	196,394
M5	Actual acquisition of interests in subsidiaries	-	(272)	-	-	-	-	-	(272)	(330)	(602)
O1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(28)	(28)
Z1	BALANCE AT SEPTEMBER 30, 2023	<u>\$ 1,000,000</u>	<u>\$ 1,275</u>	<u>\$ 330,483</u>	<u>\$ 17,619</u>	<u>\$ 666,258</u>	(<u>\$ 8,372</u>)	<u>\$ 20,214</u>	<u>\$ 2,027,477</u>	<u>\$ 3,100</u>	<u>\$ 2,030,577</u>

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

(With Deloitte & Touche auditors' review report dated November 13, 2023)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		For the Nine Months Ended September 30	
		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 225,934	\$ 187,021
A20010	Adjustments for:		
A20100	Depreciation expenses	83,025	83,065
A20200	Amortization expenses	508	481
A20300	Expected credit loss reversed	(81)	(48)
A20400	Net gain on financial assets at fair value through profit or loss	(2,058)	(1,137)
A20900	Finance costs	12,064	5,076
A21200	Interest income	(7,290)	(2,735)
A21300	Dividend income	(586)	(465)
A22300	Share of profit or loss of associates and joint ventures accounted for using the equity method	2,347	(3,305)
A22500	Loss(gain) on disposal of property, plant and equipment	6	(382)
A23800	Write-downs of inventories (reversal of write-downs of inventories)	(142)	27
A24100	Net loss(gain) on foreign currency exchange	(189)	17,269
A29900	Lease modification gain	(163)	(323)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(78,946)	(241,960)
A31130	Notes receivable	(5,507)	(5,426)
A31150	Accounts receivable	525,170	577,568
A31180	Other receivables	(9,534)	(6,013)
A31200	Inventories	(364,531)	(302,460)
A31230	Prepayments	(132,156)	(103,439)
A31240	Other current assets	689	(6,579)
A32125	Contract liabilities	274,375	60,133
A32130	Notes payable	(15,289)	521
A32150	Accounts payable	68,012	1,046
A32180	Other payables	(130,577)	(128,384)
A32230	Other current liabilities	8,325	2,843
A32240	Net defined benefits liabilities	(13,093)	(4,259)
A33000	Cash inflows from operations	440,313	140,161
A33100	Interest received	7,314	2,759
A33200	Dividends received	586	465
A33300	Interest paid	(11,087)	(4,868)
A33500	Income tax paid	(64,251)	(57,703)
AAAA	Net cash inflows from operating activities	<u>372,875</u>	<u>80,814</u>

(Continued)

Code		For the Nine Months Ended September 30	
		2023	2022
	CASH FLOWS FROM INVESTING		
	ACTIVITIES		
B00010	Acquisition of financial assets at fair value through other comprehensive income	\$ -	(\$ 2,379)
B00040	Acquisition of financial assets at amortized cost	(34,043)	(6,172)
B00100	Purchase of financial assets at fair value through profit or loss	(14,500)	(727,950)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	26,308	943,434
B02700	Payments for property, plant and equipment	(34,822)	(30,322)
B02800	Proceeds from disposal of property, plant and equipment	6	428
B03800	Decrease (increase) in refundable deposits	12,377	(42,486)
B04500	Payments for intangible assets	(588)	-
B06000	Increase in lease receivables	(86)	-
BBBB	Net cash inflows (outflows) from investing activities	(45,348)	134,553
	CASH FLOWS FROM FINANCING		
	ACTIVITIES		
C00100	Increase in short-term borrowings	72,682	25,660
C00500	Proceeds from short-term bills payable	49,917	-
C03000	Proceeds from guarantee deposits received	307	3,441
C04020	Repayment of the principal portion of lease liabilities	(36,819)	(34,378)
C04500	Dividends paid	(220,000)	(190,000)
C05400	Acquisition of interests in subsidiaries	(602)	-
C05800	Cash dividends distributed to noncontrolling interests	(24)	(35)
CCCC	Net cash outflows from financing activities	(134,539)	(195,312)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	7,289	13,962
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	200,277	34,017
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	600,941	468,100
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 801,218	\$ 502,117

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

(With Deloitte & Touche auditors' review report dated November 13, 2023)

(Concluded)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2023 and 2022

(Amounts in thousands of NTD, unless otherwise indicated)

1. General

SYSCOM COMPUTER ENGINEERING CO. (hereinafter referred to as "the Company") was incorporated in July 1975. The Company mainly leases and sells computer systems and designs computer software. It also provides services for the integration of computer information systems and maintenances of computer hardware. The Company's shares have been listed on the Taiwan Stock Exchange since May 22, 2001.

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

The Company and its subsidiaries are hereinafter collectively referred to as the "The Group".

2. The Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors on November 13, 2023.

3. Application of New, Amended and Revised Standards and Interpretations

- (1) Application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "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 a significant effect on the Group's accounting policies.

- (2) The IFRSs endorsed by the FSC for application starting from 2024

<u>New/ Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the Group's consolidated financial statements were authorized for issue, the Group is continuously evaluating the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

- (3) IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/ Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023

<u>New/ Revised / Amended Standards and Interpretations</u>	<u>Effective Date Announced by the IASB (Note 1)</u>
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new IFRSs are 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, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the Group’s consolidated financial statements were authorized for issue, the Group is continuously evaluating the possible impact that the application of above standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

4. Summary of Significant Accounting Policies

(1) 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” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC.

(2) Basis of Preparation

The consolidated financial statements were prepared on the historical cost basis, except for financial instruments measured at fair value and net defined benefit liabilities recognized at the present value of the defined benefit obligation less the fair value of plan assets.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of the related input value:

- A. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
- B. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
- C. Level 3 input value: the unobservable input value of asset or liability.

(3) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The subsidiaries’ financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Group. In preparing the consolidated financial statements, all intra-group transactions, account balances, gains and losses have been eliminated. The total comprehensive income of the subsidiaries is attributable to the shareholders and non-controlling interests of the Company, even if this results in a loss balance for the non-controlling interests.

When a change in the Group 's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The carrying amounts of the Group and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity attributable to shareholders of the Company.

Please refer to Note 12 and Tables 4 and 5 for details of subsidiaries, shareholding percentage and principal businesses.

(4) Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended 2022.

1. Defined benefits of retirement

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 for the current period, and for amendments in significant plans, settlements, or other significant one-off events.

2. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

3. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions which are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from these estimates.

The consolidated financial statements for critical accounting judgments and key sources of estimation uncertainty are consistent with the consolidated financial statements for the year ended December 31, 2022.

6. Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 799	\$ 707	\$ 732
Checking accounts and demand deposits	575,987	297,539	268,887
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	131,610	71,704	79,741
Commercial papers	92,822	230,991	152,757
	<u>\$ 801,218</u>	<u>\$ 600,941</u>	<u>\$ 502,117</u>

7. Financial assets at fair value through profit or loss

	September 30, 2023	December 31, 2022	September 30, 2022
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Fund beneficiary certificates	<u>\$ 10,206</u>	<u>\$ 19,956</u>	<u>\$ 20,662</u>

8. Financial assets at fair value through other comprehensive income

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Investments in equity instruments -non-current</u>			
Domestic investments			
Listed shares	\$ 30,017	\$ 24,142	\$ 21,318
Unlisted shares	<u>1,595</u>	<u>1,595</u>	<u>1,595</u>
	<u>\$ 31,612</u>	<u>\$ 25,737</u>	<u>\$ 22,913</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group purchased the common stocks of Turn Cloud Technology Service Inc. in January 2020, which was designated as investment at FVTOCI because it was for the medium to long-term strategic purpose. The company's common stocks will be available for trading on the Pioneer Stock Board of the Emerging Stock Market on November 26, 2021, and as regular Emerging Stock Market stocks starting February 15, 2022. Since September 14, 2023, the company has obtained approval from the Taipei Exchange for the over-the-counter trading of its stocks on the securities market.

9. Financial assets at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
Pledged time deposits	\$ 258,876	\$ 231,060	\$ 232,503
Time deposits with original maturities of more than 3 months	<u>107,083</u>	<u>100,856</u>	<u>106,279</u>
	<u>\$ 365,959</u>	<u>\$ 331,916</u>	<u>\$ 338,782</u>
Current	\$ 182,839	\$ 202,721	\$ 209,280
Non-current	<u>183,120</u>	<u>129,195</u>	<u>129,502</u>
Total	<u>\$ 365,959</u>	<u>\$ 331,916</u>	<u>\$ 338,782</u>

Refer to Note 27 for information relating to financial assets at amortized cost pledged as security.

Based on the Group's assessment, the credit risk of the above-mentioned financial assets at amortized cost is not expected to be high and has not increased since initial recognition. The Group does not expect to recognize any credit loss resulting from default events on financial assets at amortized cost that are possible within 12 months after the reporting date. Accordingly, no impairment loss was recognized as of September 30, 2023, December 31, 2022 and September 30, 2022.

10. Accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
<u>At amortized cost</u>			
Accounts receivable	\$ 969,849	\$ 1,490,655	\$ 1,005,930
Less: Allowance for impairment loss	(<u>1,407</u>)	(<u>1,483</u>)	(<u>1,431</u>)
	<u>\$ 968,442</u>	<u>\$ 1,489,172</u>	<u>\$ 1,004,499</u>

The average credit period of sales of goods was 30 to 120 days. No interest was charged on accounts receivable.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for all accounts receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to past default experience of the debtor, an analysis of the debtor's current financial position, past experience with collecting payments, observable changes in national or local economic conditions that correlate with defaults on receivables, as well as indicators of the industry in which the debtors operate.

The Group writes off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For accounts receivable 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.

Considering the above conditions, the Groupe assesses the credit risk of individual customers based on the aging schedule of accounts receivable (based on invoice date). The following table details the loss allowance of accounts receivable.

September 30, 2023

	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 121 Days	Total
Gross carrying amount	\$ 772,867	\$ 47,893	\$ 19,408	\$ 129,681	\$ 969,849
Loss allowance (Lifetime ECL)	-	-	-	(1,407)	(1,407)
Amortized cost	<u>\$ 772,867</u>	<u>\$ 47,893</u>	<u>\$ 19,408</u>	<u>\$ 128,274</u>	<u>\$ 968,442</u>

December 31, 2022

	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 121 Days	Total
Gross carrying amount	\$ 1,231,408	\$ 157,786	\$ 22,655	\$ 78,806	\$ 1,490,655
Loss allowance (Lifetime ECL)	-	-	-	(1,483)	(1,483)
Amortized cost	<u>\$ 1,231,408</u>	<u>\$ 157,786</u>	<u>\$ 22,655</u>	<u>\$ 77,323</u>	<u>\$ 1,489,172</u>

September 30, 2022

	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 121 Days	Total
Gross carrying amount	\$ 798,185	\$ 89,861	\$ 50,245	\$ 67,639	\$ 1,005,930
Loss allowance (Lifetime ECL)	-	-	-	(1,431)	(1,431)
Amortized cost	<u>\$ 798,185</u>	<u>\$ 89,861</u>	<u>\$ 50,245</u>	<u>\$ 66,208</u>	<u>\$ 1,004,499</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Nine Months Ended September 30, 2023	For the Nine Months Ended September 30, 2022
Balance at January 1	\$ 1,483	\$ 1,460
Reversal of loss allowance	(81)	(48)
Foreign exchange gains and losses	5	19
Balance at September 30	<u>\$ 1,407</u>	<u>\$ 1,431</u>

11. Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Commodities	\$ 357,783	\$ 220,735	\$ 260,420
Prepayments for contracts	355,601	226,770	251,976
Inventories in transit	96,712	5,862	79,338
Maintenance materials	1,118	630	1,171
Total	<u>\$ 811,214</u>	<u>\$ 453,997</u>	<u>\$ 592,905</u>

The commodities mainly consisted of computer hardware and software.

Prepayment for contracts are the cost incurred to date related to computer hardware, software and labor.

The cost of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2023 and 2022 were \$886,068 thousand, \$873,684 thousand, \$2,346,177 thousand and \$2,269,187 thousand respectively. The cost of goods sold related to the inventories which included the write-down of inventories (reversal of write-down of inventories), totaling (\$2) thousand, (\$213) thousand, (\$142) thousand and \$27 thousand, respectively. The reversals of previous write-downs resulted from the sale of these inventories.

12. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Casemaker Inc.	Sales of computer software, hardware and related products.	100.00%	100.00%	100.00%	A
	SYSCOM INTERNATIONAL INC.	Investments in other businesses	100.00%	100.00%	100.00%	A
	Coach Technology Management Inc.	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting	97.50%	97.50%	97.50%	A
	Syscom Computer (Thailand) Co., Ltd.	Development and maintenance of software and other businesses	92.47%	91.40%	91.40%	A、C
	Wisemaker Technology Co.	Sales of computer software, hardware and related products.	99.24%	98.72%	98.72%	A、B
	Netmaker Technology Co., Ltd. (Netmaker Technology Co.)	Information software, data processing and electronic information supply services	86.60%	86.60%	86.60%	A
Coach Technology Management Inc.	Syscom Computer (Thailand) Co., Ltd.	Development and maintenance of software and other businesses	0.54%	0.54%	0.54%	A
Casemaker Inc. and SYSCOM INTERNATIONAL INC.	Syscom Computer (Shenzhen) Co., Ltd.	Computer equipment software development, sales of self-developed technical achievements services, computer system integration and network wiring engineering	98.27%	98.27%	98.27%	A
	Xian Linan Computer Co., Ltd.	Development and manufacture of computer equipment and computer software; sale of self-manufactured products and provision of technical services	74.38%	74.38%	74.38%	A

A. The subsidiaries are not significant subsidiaries. The financial statements have not been reviewed by CPAs.

B. In January、February and August 2023, the Company acquired additional 14 thousand shares of Wisemaker Technology Co. from an unrelated party for \$494 thousand; after the acquisition of further interests, the Company's percentage of ownership in Wisemaker Technology Co. increased to 99.24%.

C. In June and July 2023, the Company acquired additional 40 thousand shares of Syscom Computer (Thailand) Co., Ltd. from an unrelated party for \$108 thousand; after the acquisition of further interests, the Company's percentage of ownership in Syscom Computer (Thailand) Co., Ltd. increased to 92.47%.

(2) Subsidiaries excluded from the consolidated financial statements: None.

(3) Subsidiaries with material non-controlling interests: None.

13. Investments accounted for using the equity method

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in associates	\$ 11,710	\$ 15,486	\$ 13,230
Investments in joint ventures	<u>54,303</u>	<u>54,032</u>	<u>53,631</u>
	<u>\$ 66,013</u>	<u>\$ 69,518</u>	<u>\$ 66,861</u>

(1) Investments in associates

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Associates that is not individually materiality</u>			
Unlisted companies			
DBMaker Japan Inc.	<u>\$ 11,710</u>	<u>\$ 15,486</u>	<u>\$ 13,230</u>

As at the end of the reporting period, the proportions of ownership and voting rights in associates held by the Group were as follows:

Name of the company	September 30, 2023	December 31, 2022	September 30, 2022
DBMaker Japan Inc.	49.89%	49.89%	49.89%

Refer to Table 4 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

(2) Investments in joint ventures

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Joint venture that is not individually material</u>			
CloudMaster Co., Ltd.	<u>\$ 54,303</u>	<u>\$ 54,032</u>	<u>\$ 53,631</u>

At the end of the reporting period, the proportion of ownership and voting rights in jointly controlled entity held by the Group was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
CloudMaster Co., Ltd.	50.00%	50.00%	50.00%

Refer to Table 4 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the Joint venture.

In March 2013, under the authorization of the Investment Commission of the Ministry of Economic Affairs, the Group incorporated CloudMaster under the joint venture agreement and had 50% of ownership. CloudMaster provides services in information software, data processing and electronic information. Under the joint venture agreement, in the meetings of the board of directors and the shareholders of CloudMaster, majority rule shall prevail. However, the Group’s seat in CloudMaster’s board of director does not exceed half of the board. Besides, under CloudMaster’s policies, significant strategic decisions should be made by unanimous agreement of the shareholders of both entities, and the Group has no right to obtain the variable rewards which is unavailable to CloudMaster’s shareholders and does not have direct ability to affect the rewards from investing in CloudMaster. As a result, the Group has no control over CloudMaster.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the joint venture’s financial statements that have not been reviewed by CPAs.

14. Property, plant and equipment

	September 30, 2023	December 31, 2022	September 30, 2022
Assets used by the Group	\$ 334,913	\$ 333,516	\$ 330,991
Assets leased under operating leases	<u>20,059</u>	<u>23,812</u>	<u>25,122</u>
	<u>\$ 357,972</u>	<u>\$ 357,328</u>	<u>\$ 356,113</u>

(1) Assets used by the Group

	September 30, 2023	December 31, 2022	September 30, 2022
Land	\$ 123,344	\$ 122,714	\$ 123,134
Computer equipment	104,031	112,492	110,097
Buildings	45,761	46,804	47,585
Maintenance equipment	48,406	35,641	34,611
Leasehold improvements	5,607	6,850	6,063
Others	<u>7,764</u>	<u>9,015</u>	<u>9,501</u>
	<u>\$ 334,913</u>	<u>\$ 333,516</u>	<u>\$ 330,991</u>

Except for the recognition of depreciation expenses, the Group's property, plant and equipment did not have significant addition, disposal and impairment for the nine months ended September 30, 2023 and 2022.

Depreciation expenses were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	39 to 60 years
Maintenance equipment	6 years
Computer equipment	3 to 6 years
Leasehold improvements	3 to 10 years
Others	
- Office equipment	3 to 8 years
-Transportation equipment	5 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 27.

(2) Assets leased under operating leases

	September 30, 2023	December 31, 2022	September 30, 2022
Leased equipment	<u>\$ 20,059</u>	<u>\$ 23,812</u>	<u>\$ 25,122</u>

Operating leases relate to leases of equipment with lease terms between 1 to 3 years. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Year 1	\$ 17,094	\$ 17,323	\$ 17,500
Year 2	16,869	16,831	16,910
Year 3	4,117	16,740	16,831
Year 4	-	-	4,117
	<u>\$ 38,080</u>	<u>\$ 50,894</u>	<u>\$ 55,358</u>

Except for the recognition of depreciation expenses, the Group's Leased equipment did not have significant addition, disposal and impairment for the nine months ended September 30, 2023 and 2022.

The equipment leased under operating leases are depreciated on a straight-line basis over 1 to 6 years estimated useful lives.

15. Lease agreements

(1) Right-of-use assets

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts			
Buildings	<u>\$ 107,410</u>	<u>\$ 20,655</u>	<u>\$ 31,839</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2023	2022	2023 2022
Addition of right-of-use assets			<u>\$ 130,106</u> <u>\$ 875</u>
Depreciation charge for right-of-use assets			
Buildings	<u>\$ 12,500</u>	<u>\$ 11,055</u>	<u>\$ 37,319</u> <u>\$ 33,044</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2023 and 2022.

(2) Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amounts			
Current	<u>\$ 47,077</u>	<u>\$ 8,513</u>	<u>\$ 18,328</u>
Non-current	<u>\$ 60,919</u>	<u>\$ 12,426</u>	<u>\$ 14,525</u>

The ranges of discount rate for lease liabilities were 0.75%-7.28%, 0.75%-2.61% and 0.75%-2.61% per annum as of September 30, 2023, December 31, 2022 and September 30, 2022, respectively.

(3) Material leasing activities and terms

As lessee, the Group leases buildings for the use as offices and dormitory with lease terms of 2 to 10 years. All lease contracts with lease terms over 5 years specify that lease payments will be adjusted every 5 years on the basis of changes in market rental rates. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

(4) Other lease information

Lease-out arrangements under operating leases for freehold property, plant, and equipment were set out in Note 14.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ 2,121	\$ 1,669	\$ 5,453	\$ 3,784
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 199	\$ 10	\$ 434	\$ 193
Total cash outflow for leases			(\$ 49,260)	(\$ 42,931)

As lessee, the Group leases certain buildings and leasehold improvements which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. Intangible assets

	September 30, 2023	December 31, 2022	September 30, 2022
Computer software	\$ 1,904	\$ 1,817	\$ 1,719
Goodwill	593	593	593
	<u>\$ 2,497</u>	<u>\$ 2,410</u>	<u>\$ 2,312</u>

Except for the recognition of amortization expenses, the Group's intangible assets did not have significant addition, disposal and impairment for the nine months ended September 30, 2023 and 2022. Computer software is being depreciated on a straight-line basis and will be amortized over 1 to 10 years.

17. Loans

(1) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 262,074	\$180,922	\$ 183,662

The range of weighted average effective interest rates on bank loans was 1.82%- 9.13%, 2.08%- 7.08% and 1.92%-5.01% per annum as of September 30,2023, December 31, 2022 and September 30,2022, respectively.

(2) Short-term bills payable

	September 30, 2023	December 31, 2022	September 30, 2022
Commercial paper	\$ 50,000	\$ -	\$ -
Less: Unamortized discounts on bills payable	(39)	-	-
	<u>\$ 49,961</u>	<u>\$ -</u>	<u>\$ -</u>

Outstanding short-term bills payable were as follows:
September 30, 2023

<u>Promissory Institution</u>	<u>Nominal Amount</u>	<u>Discount Amount</u>	<u>Carrying Amount</u>	<u>Interest Rate</u>	<u>Starting Date</u>	<u>Ending Date</u>
<u>Commercial paper</u>						
Dah Chung Bills Finance Corporation	\$ 50,000	\$ 39	\$ 49,961	1.798%	2023/09/26	2023/10/16

18. Other payables

	September 30, 2023	December 31, 2022	September 30, 2022
Payables for salaries or bonus	\$ 168,086	\$ 288,394	\$ 171,103
Payables for insurance	29,568	18,507	27,535
Payables for pension	20,997	14,858	19,685
Payables for value-added tax	16,390	26,275	12,809
Payable for compensation of employees	7,028	9,600	5,865
Payables for annual leave	749	2,414	485
Others	<u>20,061</u>	<u>32,249</u>	<u>11,236</u>
	<u>\$ 262,879</u>	<u>\$ 392,297</u>	<u>\$ 248,718</u>

19. Retirement benefits plans

For the three months and nine months ended, September 30, 2023 and 2022, relevant pension costs for defined benefit plans which were determined by the pension cost rates of actuarial valuation as of December 31, 2022 and 2021 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 43	\$ 53	\$ 110	\$ 142
Operating expenses	<u>230</u>	<u>197</u>	<u>707</u>	<u>605</u>
	<u>\$ 273</u>	<u>\$ 250</u>	<u>\$ 817</u>	<u>\$ 747</u>

20. Equity

(1) Share capital - ordinary shares

	September 30, 2023	December 31, 2022	September 30, 2022
Number of authorized shares (in thousands)	<u>157,000</u>	<u>157,000</u>	<u>157,000</u>
Amount of authorized shares	<u>\$ 1,570,000</u>	<u>\$ 1,570,000</u>	<u>\$ 1,570,000</u>
Number of issued and fully paid shares (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Amount of issued and fully paid shares	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

(2) Capital surplus

Such capital surplus arise from the difference between consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal under equity transactions and from donated assets.

(3) Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 13, 2023 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the Articles before the amendments where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the legal reserve has reached the Company's total paid-up capital. The remaining profit shall be set aside or reverse a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors, refer to "employee's compensation and remuneration of directors" in Note 22.(7).

The Company distributes both cash and share dividends, taking into account its profitability, future capital expenditure requirements and cash position. The distribution of cash dividends should not be less than 10% of the total dividends of the year. The Company may raise the percentage of cash dividend distribution only if the Company's earnings and cash position are strong.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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.

Pursuant to existing regulations, the Company is required to set aside additional special reserve equivalent to the net debit balance of the other equity interests. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

The appropriations of earnings and dividends per share for 2022 and 2021 were approved in the shareholders' meetings on June 13, 2023 and June 15, 2022, respectively, were as follows:

	2022	2021
Legal reserve	<u>\$ 26,506</u>	<u>\$ 22,088</u>
Cash dividends	<u>\$ 220,000</u>	<u>\$ 190,000</u>
Cash dividends per share (NT\$)	<u>\$ 2.2</u>	<u>\$ 1.9</u>

(4) Special reserve

On the first-time adoption of IFRSs, the Company appropriated for special reserve, the amount that was the same as the cumulative translation differences transferred to retained earnings, which was \$17,619 thousand.

(5) Other equity interests

A. Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	(\$ 10,592)	(\$ 20,350)
Exchange differences on translating the financial statements of foreign operations	2,401	11,406
Share from associates and joint venture accounted for using the equity method	(181)	(239)
Balance at September 30	(\$ 8,372)	(\$ 9,183)

B. Unrealized gain (loss) on financial assets at FVTOCI

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 14,339	\$ 13,429
Unrealized gain - equity instruments	5,875	(1,914)
Balance at September 30	<u>\$ 20,214</u>	<u>\$ 11,515</u>

(6) Non-controlling interests

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 4,968	\$ 10,641
Share in loss for the period	(1,437)	(3,205)
Other comprehensive income (loss) during the period		
Exchange difference on translating the financial statements of foreign operations	(73)	81
Effective acquisition of partial interest in a subsidiary by the parent company (Note 12)	(330)	-
Cash dividends from subsidiaries	(28)	(35)
Balance at September 30	<u>\$ 3,100</u>	<u>\$ 7,482</u>

21. Revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Revenue from contracts with customers				
Contract revenue and revenue from sale of goods	\$ 1,200,131	\$ 1,153,905	\$ 3,161,391	\$ 3,003,469
Revenue from rendering of services	361,353	332,248	1,069,852	970,370
Rental income				
Rental income from equipment	4,610	4,488	13,425	13,571
	<u>\$ 1,566,094</u>	<u>\$ 1,492,641</u>	<u>\$ 4,244,668</u>	<u>\$ 3,987,410</u>

(1) Contract information

Revenue from contracts with customers

Contract revenue comes from rendering of computer software and hardware integration services according to contract, which is recognized by reference to the stage of completion of contract activity. The consideration promised is paid by customers based on the schedule in the contract.

Revenue from the sale of goods is recognized when performance obligations are satisfied. The performance obligations are satisfied when customers obtained control and right of use of the promised good and bear inventory risks.

Revenue from rendering of services

Revenue from rendering of services comes from maintenance services. The Group requires partial payments from the customers when the contract is signed. Revenue is recognized on a straight-line basis during the contract period.

(2) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable (Note 10)	<u>\$ 968,442</u>	<u>\$ 1,489,172</u>	<u>\$ 1,004,499</u>
Contract assets			
System integration services	\$ 565,327	\$ 486,381	\$ 601,118
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 565,327</u>	<u>\$ 486,381</u>	<u>\$ 601,118</u>
Contract liabilities			
System integration services	<u>\$ 512,958</u>	<u>\$ 238,583</u>	<u>\$ 268,373</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment. Except for adjustments resulting from the changes in the measure of progress, there was no significant change in the current period.

(3) Revenue from contracts with customers
For the Nine Months Ended September 30, 2023

	Reportable segment		
	Business segments of the Company	Business segments of the entities controlled by the Company	Total
<u>Type of products or services</u>			
Contract revenue and revenue from sale of goods	\$ 2,968,074	\$ 175,317	\$ 3,161,391
Revenue from rendering of services	1,048,991	20,861	1,069,852
Rental income	<u>13,367</u>	<u>58</u>	<u>13,425</u>
	<u>\$ 4,048,432</u>	<u>\$ 196,236</u>	<u>\$ 4,244,668</u>

For the Nine Months Ended September 30, 2022

	Reportable segment		
	Business segments of the Company	Business segments of the entities controlled by the Company	Total
<u>Type of products or services</u>			
Contract revenue and revenue from sale of goods	\$ 2,805,481	\$ 197,988	\$ 3,003,469
Revenue from rendering of services	953,385	16,985	970,370
Rental income	<u>13,416</u>	<u>155</u>	<u>13,571</u>
	<u>\$ 3,772,282</u>	<u>\$ 215,128</u>	<u>\$ 3,987,410</u>

22. Net profit

(1) Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Bank deposits	<u>\$ 1,777</u>	<u>\$ 991</u>	<u>\$ 7,290</u>	<u>\$ 2,735</u>

(2) Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Government grants	\$ 20,444	\$ 11,058	\$ 20,878	\$ 40,490
Marketing incentive income	4,128	2,932	8,807	7,398
Rental income	1,747	1,634	4,700	4,383
Others	<u>1,631</u>	<u>2,316</u>	<u>2,632</u>	<u>5,725</u>
	<u>\$ 27,950</u>	<u>\$ 17,940</u>	<u>\$ 37,017</u>	<u>\$ 57,996</u>

(3) Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Net foreign exchange gain (loss)	\$ 5,872	(\$ 6,585)	\$ 1,436	(\$ 12,277)
Net gain(loss) on fair value changes of financial assets mandatorily classified as at FVTPL	(248)	458	2,058	1,137
Net gain(loss) on disposal of property, plant and equipment	(6)	382	(6)	382
Others	(33)	(793)	(367)	(1,313)
	<u>\$ 5,585</u>	<u>(\$ 6,538)</u>	<u>\$ 3,121</u>	<u>(\$ 12,071)</u>

(4) Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on bank loans	\$ 3,640	\$ 1,943	\$ 10,011	\$ 4,365
Interest on lease liabilities	660	189	2,053	711
	<u>\$ 4,300</u>	<u>\$ 2,132</u>	<u>\$ 12,064</u>	<u>\$ 5,076</u>

(5) Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
An analysis of depreciation by function				
Operating costs	\$ 5,422	\$ 5,426	\$ 16,388	\$ 15,712
Operating expenses	<u>22,031</u>	<u>22,707</u>	<u>66,637</u>	<u>67,353</u>
	<u>\$ 27,453</u>	<u>\$ 28,133</u>	<u>\$ 83,025</u>	<u>\$ 83,065</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 169</u>	<u>\$ 159</u>	<u>\$ 508</u>	<u>\$ 481</u>

(6) Employee benefits expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits				
Salary	\$ 411,453	\$ 392,890	\$ 1,052,687	\$ 1,010,874
Labor and health Insurance	35,627	31,688	108,246	101,002
Others	<u>12,649</u>	<u>12,114</u>	<u>37,048</u>	<u>35,903</u>
	<u>459,729</u>	<u>436,692</u>	<u>1,197,981</u>	<u>1,147,779</u>
Post-employment benefits (Note 19)				
Defined contribution plans	15,665	14,754	46,193	43,386
Defined benefits plans	<u>273</u>	<u>250</u>	<u>817</u>	<u>747</u>
	<u>15,938</u>	<u>15,004</u>	<u>47,010</u>	<u>44,133</u>
Total employee benefits expense	<u>\$ 475,667</u>	<u>\$ 451,696</u>	<u>\$ 1,244,991</u>	<u>\$ 1,191,912</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 166,792	\$ 176,014	\$ 474,290	\$ 478,038
Operating expenses	<u>308,875</u>	<u>275,682</u>	<u>770,701</u>	<u>713,874</u>
	<u>\$ 475,667</u>	<u>\$ 451,696</u>	<u>\$ 1,244,991</u>	<u>\$ 1,191,912</u>

(7) Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 3%. The employees' compensation in the amounts of \$2,301 thousand, \$2,117 thousand, \$7,028 thousand and \$5,865 thousand, both representing 3% of net profit before tax for the three and nine months ended September 30, 2023 and 2022, respectively. The Company did not accrue remuneration of directors for the nine months ended September 30, 2023 and 2022.

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

The appropriations of employees' compensation and remuneration of directors for 2022 and 2021 that were resolved by the board of directors on March 17, 2023 and March 18, 2022, respectively. The employees' compensation amounted to \$9,600 thousand and \$8,450 thousand, respectively. The Company did not accrue remuneration of directors for the years ended December 31, 2022 and 2021.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' compensation resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. Income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 4,928	\$ 10,801	\$ 36,286	\$ 37,196
Income tax on unappropriated earnings	5	-	5	-
Adjustments for prior years	1,277	-	(1,649)	(1,993)
Deferred tax				
In respect of the current period	221	454	2,920	1,508
Income tax expense recognized in profit or loss	<u>\$ 6,431</u>	<u>\$ 11,255</u>	<u>\$ 37,562</u>	<u>\$ 36,711</u>

(2) Income tax assessments

The Company and subsidiaries' income tax returns have been assessed by the tax authority are as follows:

Name of the company	Year of assessment
The Company	2020
Netmaker Technology Co., Ltd.	2021
Wisemaker Technology Co.	2021
Coach Technology Management Inc.	2021

24. Earnings per share

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 68,108</u>	<u>\$ 57,737</u>	<u>\$ 189,809</u>	<u>\$ 153,515</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 68,108</u>	<u>\$ 57,737</u>	<u>\$ 189,809</u>	<u>\$ 153,515</u>

Shares

	For the Three Months Ended September 30		(Thousand shares) For the Nine Months Ended September 30	
	2023	2022	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	100,000	100,000	100,000	100,000
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>140</u>	<u>244</u>	<u>189</u>	<u>339</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>100,140</u>	<u>100,244</u>	<u>100,189</u>	<u>100,339</u>

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

25. Financial instruments

(1) Fair value of financial instruments not measured at fair value

The Group's management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values. Therefore, the carrying amounts of balance sheet is a reasonable basis for estimating the fair value.

(2) Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficial certificates	<u>\$ 10,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,206</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 30,017	\$ -	\$ -	\$ 30,017
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,595</u>	<u>1,595</u>
Total	<u>\$ 30,017</u>	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 31,612</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficial certificates	<u>\$ 19,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,956</u>
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 24,142	\$ -	\$ -	\$ 24,142
Unlisted shares	<u>-</u>	<u>-</u>	<u>1,595</u>	<u>1,595</u>
Total	<u>\$ 24,142</u>	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 25,737</u>

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficial certificates	\$ 20,662	\$ -	\$ -	\$ 20,662
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
Listed shares	\$ 21,318	\$ -	\$ -	\$ 21,318
Unlisted shares	-	-	1,595	1,595
Total	\$ 21,318	\$ -	\$ 1,595	\$ 22,913

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2023 and 2022.

(3) Categories of financial instruments

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Financial assets</u>			
Mandatorily classified as at FVTPL	\$ 10,206	\$ 19,956	\$ 20,662
Financial assets at amortized cost (Note 1)	2,159,310	2,430,681	1,857,629
Financial assets at FVTOCI			
Equity instruments	31,612	25,737	22,913
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (Note 2)	2,044,167	1,989,268	1,758,698

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, accounts receivable, and other receivables.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes payable, accounts payable and other payables.

(4) Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, borrowings, short-term bills payable and lease liabilities. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

A. Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a. Foreign currency risk

The Group have foreign currency sales and purchases, which exposes the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group is mainly exposed to USD.

The following details the Group's sensitivity to a 10% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 10% used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. For the nine months ended September 30, 2023 and 2022, there would be an increase of \$3,390 thousand and \$12,009 thousand, respectively, in pre-tax profit associated with New Taiwan dollars strengthen 10% against USD. For a 10% weakening of New Taiwan dollars against USD, there would be an equal and opposite impact on pre-tax profit and the balances would be negative. The effect of exchange rate changes was mainly attributable to the exposure outstanding on USD cash, payables and borrowings, which were not hedged at the end of the reporting period.

b. Interest rate risk

The Group is exposed to interest rate risk because the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Fair value interest rate risk			
- Financial assets	\$ 573,485	\$ 633,596	\$ 575,063
- Financial liabilities	157,957	45,439	54,353
Cash flow interest rate risk			
- Financial assets	585,915	293,368	261,565
- Financial liabilities	262,074	156,422	162,162

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 1 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2023 and 2022 would increase/decrease by \$607 thousand and \$186 thousand, respectively.

B. Credit risk

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

loss to the Group due to the failure of counterparties to discharge its obligation and due to the financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated Balance Sheet.

The Group adopted a policy of only dealing with creditworthy counterparties. Before trading with new customers, the Group assessed the credit quality of potential customer by internal credit checking and set the credit limit which is reassessed annually.

C. 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.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

September 30, 2023

	Payment on demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ -	\$ 1,730,066	\$ -	\$ -	\$ -
Lease liabilities	4,224	8,447	36,757	62,162	-
Variable interest rate liabilities	71,338	83,127	113,127	-	-
Fixed interest rate liabilities	50,000	-	-	-	-
	<u>\$ 125,562</u>	<u>\$ 1,821,640</u>	<u>\$ 149,884</u>	<u>\$ 62,162</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	<u>\$ 49,428</u>	<u>\$ 62,162</u>	<u>\$ -</u>

December 31, 2022

	Payment on demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ -	\$ 1,807,257	\$ -	\$ -	\$ -
Lease liabilities	836	1,672	6,497	12,714	-
Variable interest rate liabilities	810	84,349	74,291	-	-
Fixed interest rate liabilities	6,541	18,051	-	-	-
	<u>\$ 8,187</u>	<u>\$ 1,911,329</u>	<u>\$ 80,788</u>	<u>\$ 12,714</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	<u>\$ 9,005</u>	<u>\$ 12,714</u>	<u>\$ -</u>

September 30, 2022

	Payment on demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ -	\$ 1,574,420	\$ -	\$ -	\$ -
Lease liabilities	3,941	7,883	6,965	14,886	-
Variable interest rate liabilities	38,757	974	125,611	-	-
Fixed interest rate liabilities	21,530	-	-	-	-
	<u>\$ 64,228</u>	<u>\$ 1,583,277</u>	<u>\$ 132,576</u>	<u>\$ 14,886</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>5 to 10 years</u>
Lease liabilities	<u>\$ 18,789</u>	<u>\$ 14,886</u>	<u>\$ -</u>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b. Financing facilities

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Secured bank financing facilities			
Amount unused	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Unsecured bank financing facilities, reviewed annually and payable on demand:			
Amount used	\$ 1,017,351	\$ 610,515	\$ 532,862
Amount unused	<u>1,572,852</u>	<u>1,685,614</u>	<u>1,786,542</u>
	<u>\$ 2,590,203</u>	<u>\$ 2,296,129</u>	<u>\$ 2,319,404</u>

26. Related Party Transactions

Transactions and balances between the Company and its subsidiaries, which were related parties of the Company, had been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in the other notes, details of transactions between the Group and other related parties were disclosed below.

(1) Related-party and its relationship

<u>Related party</u>	<u>Relationship</u>
Chuan Gao Investment Co., Ltd.(Chuan Gao Investment)	Substantive related party
Furly Investment Co., Ltd.(Furly Investment)	Substantive related party
Welida Investment Co., Ltd.	Substantive related party
DBMaker Japan Inc.	Associate
CloudMaster Co., Ltd.	Joint ventures

(2) Operating revenue (sales, maintenance and rental revenue)

Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associate	\$ 10,123	\$ 4,731	\$ 25,323	\$ 13,712
Joint ventures	<u>142</u>	<u>9</u>	<u>858</u>	<u>40</u>
	<u>\$ 10,265</u>	<u>\$ 4,740</u>	<u>\$ 26,181</u>	<u>\$ 13,752</u>

(3) Operating costs (including sales, maintenance and rental)

Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associate	\$ -	\$ 2,723	\$ 2,797	\$ 7,484
Joint ventures	<u>-</u>	<u>2,506</u>	<u>4</u>	<u>2,642</u>
	<u>\$ -</u>	<u>\$ 5,229</u>	<u>\$ 2,801</u>	<u>\$ 10,126</u>

(4) Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Associate	\$ 7,354	\$ 2,798	\$ 2,909
	Joint ventures	<u>142</u>	<u>72</u>	<u>-</u>
		<u>\$ 7,496</u>	<u>\$ 2,870</u>	<u>\$ 2,909</u>

The outstanding accounts receivable from related parties are unsecured. For the nine months ended September 30, 2023 and 2022, no impairment loss was recognized on accounts receivable from related parties.

(5) Payables to related parties (excluding loans from related parties)

Line Item	Related Party Categories	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable	Associate	\$ 1,601	\$ 2,151	\$ -
	Substantive related party	-	10	-
	Joint ventures	<u>5</u>	<u>1,473</u>	<u>10</u>
		<u>\$ 1,606</u>	<u>\$ 3,634</u>	<u>\$ 10</u>

The outstanding accounts payable from related parties are unsecured.

(6) Acquisitions of property, plant and equipment

Related Party Categories	For the Nine Months Ended September 30	
	2023	2022
Associate	<u>\$ -</u>	<u>\$ 3,821</u>

(7) Lease agreement

Related Party Categories/Name	For the Nine Months Ended September 30	
	2023	2022
Acquisition of right-of-use assets		
Substantive related party		
Chuan Gao Investment	\$ 68,488	\$ -
Furly Investment	<u>51,843</u>	<u>-</u>
	<u>\$ 120,331</u>	<u>\$ -</u>

Line Item	Name	September 30, 2023	December 31, 2022	September 30, 2022
Lease liabilities	Chuan Gao Investment	\$ 56,571	\$ 5,758	\$ 11,633
	Furly Investment	39,186	-	3,869
		<u>\$ 95,757</u>	<u>\$ 5,758</u>	<u>\$ 15,502</u>

Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Finance costs</u>				
Chuan Gao Investment	\$ 298	\$ 49	\$ 985	\$ 210
Furly Investment	213	19	705	101
	<u>\$ 511</u>	<u>\$ 68</u>	<u>\$ 1,690</u>	<u>\$ 311</u>

(8) Rental expenses

Line Item	Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Operating expenses	Chuan Gao Investment	\$ 1,349	\$ 1,346	\$ 3,361	\$ 1,740
	Furly Investment	334	473	1,003	1,146
	Substantive related party	-	18	-	54
		<u>\$ 1,683</u>	<u>\$ 1,837</u>	<u>\$ 4,364</u>	<u>\$ 2,940</u>

(9) Rental income

Line Item	Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Other income	CloudMaster Co., Ltd.	\$ 442	\$ 367	\$ 1,361	\$ 1,161

(10) Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 68,828	\$ 64,699	\$ 205,375	\$ 182,719
Post-employment benefits	3,264	3,170	9,722	9,084
	<u>\$ 72,092</u>	<u>\$ 67,869</u>	<u>\$ 215,097</u>	<u>\$ 191,803</u>

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

27. Assets Pledged as Collateral

The assets pledged as collaterals for system design contract, bank loans and for product warranty were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Pledge deposits (classified as financial assets at amortized cost)	\$ 258,876	\$ 231,060	\$ 232,503
Property, plant and equipment -net	-	-	74,110
	<u>\$ 258,876</u>	<u>\$ 231,060</u>	<u>\$ 306,613</u>

28. Significant Contingent Liabilities and Unrecognized Commitments

As of September 30, 2023, for the contracts with customers and the application for government grants, the Group issued guarantee notes and had bank guarantee amounting to \$108,931 thousand and \$705,277 thousand, respectively.

29. Significant Assets and Liabilities Denominated in Foreign Currencies

The Group's significant financial 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:

September 30, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 4,394	32.27	\$ 141,800
<u>Non-monetary item</u>			
JPY	54,165	0.2162	11,710
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5,445	32.27	175,695

December 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,012	30.71	\$ 92,484
<u>Non-monetary items</u>			
JPY	66,636	0.2324	15,486
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	6,266	30.71	192,435

September 30, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 1,866	31.75	\$ 59,250
<u>Non-monetary items</u>			
JPY	60,110	0.2201	13,230
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	5,649	31.75	179,343

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended September 30				
Foreign currency	2023		2022	
	Exchange rate	Net exchange (loss) gain	Exchange rate	Net exchange (loss) gain
USD	31.6843(USD: NTD)	\$ 4,727	30.4043 (USD: NTD)	\$ 2,354
USD	7.1730(USD: RMB)	1,183	6.8298 (USD: RMB)	(8,945)

For the Nine Months Ended September 30				
Foreign currency	2023		2022	
	Exchange rate	Net exchange (loss) gain	Exchange rate	Net exchange (loss) gain
USD	30.928(USD: NTD)	\$ 6,723	29.285 (USD: NTD)	\$ 3,966
USD	7.008(USD: RMB)	(5,275)	6.597 (USD: RMB)	(15,855)

30. Separately Disclosed Items

- (1) Information about significant transactions and (2) investees:
 - A. Financing provided to others: None.
 - B. Endorsements/guarantees provided (Table 1).
 - C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 2).
 - D. Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
 - E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - I. Trading in derivative instruments: None.
 - J. Other: Intercompany relationships and significant intercompany transactions: (Table 3).
 - K. Information on investees (Table 4).
- (3) Information on investments in Mainland China:
 - A. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5).
 - B. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c. The amount of property transactions and the amount of the resultant gains or losses.
 - d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- (4) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6).

31. Segment Information

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

(1) Segment revenue and results

	Segment revenue		Segment profit or loss	
	For the Nine Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Reportable segment				
Business segments of the Company	\$ 4,051,563	\$ 3,774,738	\$ 199,834	\$ 153,825
Business segments of the entities controlled by the Company	222,895	251,241	(8,423)	(15,483)
Elimination of inter-segment revenue	(29,790)	(38,569)	1,506	1,790
Total of reportable segments	<u>\$ 4,244,668</u>	<u>\$ 3,987,410</u>	192,917	140,132
Non-operating income and expense			33,017	46,889
Net profit before tax			<u>\$ 225,934</u>	<u>\$ 187,021</u>

Segment revenue reported above represents revenue generated from external customers and inter-segment transactions.

(2) Total segment assets and liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Segment assets</u>			
Business segments of the Company	\$ 4,402,950	\$ 4,025,953	\$ 3,716,816
Business segments of the entities controlled by the Company	<u>389,443</u>	<u>408,987</u>	<u>419,255</u>
Total	<u>\$ 4,792,393</u>	<u>\$ 4,434,940</u>	<u>\$ 4,136,071</u>
<u>Segment liabilities</u>			
Business segments of the Company	\$ 2,487,615	\$ 2,097,252	\$ 1,923,808
Business segments of the entities controlled by the Company	<u>274,201</u>	<u>282,875</u>	<u>267,897</u>
Total	<u>\$ 2,761,816</u>	<u>\$ 2,380,127</u>	<u>\$ 2,191,705</u>

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the Nine Months Ended September 30, 2023

(In Thousands of New Taiwan Dollars and U.S Dollars, Unless Stated Otherwise)

Table 1

No.	Endorser/ Guarantor	Endorsee/ Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement /Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Syscom Computer Engineering Co.	Syscom Computer (Shenzhen) Co., Ltd.	Indirect subsidiary	20% of the net worth \$405,495	\$ 351,743 (USD 10,900)	\$ 329,154 (USD 10,200)	\$ 160,930 (USD 4,987)	\$ -	16.23	50% of the net worth \$1,013,739	Yes	No	Yes
		Xian Linan Computer Co., Ltd.	Indirect subsidiary	Same as above	63,733 (USD 1,975)	42,758 (USD 1,325)	26,853 (USD 832)	-	2.11	Same as above	Yes	No	Yes
		Netmaker Technology Co., Ltd.	Subsidiaries	Same as above	85,000	85,000	4,500	-	4.19	Same as above	Yes	No	No
		Coach Technology Management Inc.	Subsidiaries	Same as above	15,000	15,000	-	-	0.74	Same as above	Yes	No	No

Note : The above amounts were translated into New Taiwan dollar at the prevailing exchange rate as of September 30, 2023.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Marketable Securities Held
September 30, 2023

Table 2

(In Thousands of New Taiwan Dollars and in thousands of Shares (Thousands of Units))

Holding Company Name	Type and name of marketable securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of shares/units	Carrying amount	Percentage of Ownership (%)	Fair value	
SYSCOM COMPUTER ENGINEERING CO.	<u>Beneficial certificates</u>							
	Yuanta Japan Leaders Equity Fund	—	Financial assets at fair value through profit or loss- current	1,000	\$ 9,750	-	\$ 9,750	
	<u>Stocks</u>							
	Engsound Technical Enterprise Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	273	1,595	9.09	1,595	
	Turn Cloud Technology Service Inc.	—	Financial assets at fair value through other comprehensive income - non-current	195	28,432	0.90	28,432	
	Shin Kong Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	166	1,540	-	1,540	
Coach Technology Management Inc.	Dimension Computer Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	2	45	-	45	
	<u>Beneficial certificates</u>							
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss - current	31	456	-	456	

Note 1: The securities referred to in this table include stocks, bonds, mutual funds and securities derived from the above - mentioned items within the scope of International Financial Reporting Standard No. 9 “Financial Instruments”.

Note 2: The above shares or certificates were not provided as guarantee.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Intercompany Relationships and Significant Intercompany Transactions and Subsidiary and Between Subsidiaries
For the Nine Months Ended September 30, 2023

Table 3 (In Thousands of New Taiwan Dollars)

No.	Name of the trader	Counterparty of the transaction	Relationship with the trader (Note)	Transaction details			
				Account on the financial statements	Amount	Trading terms	As a percentage of consolidated total revenue or total assets
0	The Company	Netmaker Technology Co.	1	Prepayment for purchases	\$ 11,025	General trading terms	-
	The Company	Netmaker Technology Co.	1	Sales revenue	1,130	General trading terms	-
	The Company	Netmaker Technology Co.	1	Maintenance revenue	1,701	General trading terms	-
	The Company	Netmaker Technology Co.	1	Cost of goods sold	6,068	General trading terms	-
	The Company	Netmaker Technology Co.	1	Maintenance costs	5,514	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Accounts payable	3,523	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Cost of goods sold	11,690	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Maintenance costs	6,941	General trading terms	-

Note: 1.Parent to subsidiary.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Information on Investees
September 30, 2023

Table 4 (In Thousands of New Taiwan Dollars/Thousands of Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		As of September 30, 2023			Net Income (Loss) of the Investee(Note)	Share of Profit (Loss)	Note
				June 30, 2023	December 31, 2022	Number of Shares (Thousands)	Percentage of Ownership	Carrying amount			
SYSCOM COMPUTER ENGINEERING CO.	Coach Technology Management Inc.	Taipei City	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.	\$ 19,200	\$ 19,200	1,950	97.50	\$ 4,662	\$ 339	\$ 331	Subsidiary
	Casemaker Inc.	California, U.S.A.	Sales of computer software, hardware and related products.	USD 1,300	USD 1,300	1,300	100.00	101,009	(2,631)	(2,631)	Subsidiary
	SYSCOM INTERNATIONAL INC.	Cayman Islands	Investments in other businesses	USD 6,050	USD 6,050	6,050	100.00	(87,439)	(14,415)	(14,415)	Subsidiary
	Netmaker Technology Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	18,763	18,763	2,858	86.60	39,719	517	448	Subsidiary
	Wisemaker Technology Co.	Taipei City	Sales of computer software, hardware and related products.	42,191	41,697	2,679	99.24	54,243	(1,384)	(1,364)	Subsidiary
	DBMaker Japan, Inc.	Tokyo, Japan	Development and sales of computer system software and hardware	JPY 53,260	JPY 53,260	5	49.89	11,710	(5,609)	(2,798)	Equity-method investee
	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 33,134	THB 33,014	3,440	92.47	2,998	(112)	(103)	Subsidiary
	Cloudmaster Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	65,000	65,000	6,500	50.00	54,303	903	451	Equity-method investee
Coach Technology Management Inc.	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 200	THB 200	20	0.54	17	(112)	Not applicable	Subsidiary

Note: The foreign currency amount of the net income of the investee is expressed in New Taiwan dollars at the average exchange rate of the nine months ended September 30,2023.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Information on Investments in Mainland China
For the Nine Months Ended September 30, 2023

Table 5 (In Thousands of New Taiwan Dollars/foreign currency)

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 2023	Note
					Outward	Inward							
Syscom Computer (Shenzhen)Co., Ltd.	Computer equipment software development, sales of self-developed technical achievements services, computer system integration and network wiring engineering.	\$ 145,215 (USD 4,500)	Note 1	\$ 134,566 (USD 4,170)	\$ -	\$ -	\$ 134,566 (USD 4,170)	(\$ 12,000) ((USD 388)) (Note 2)	98.27%	(\$ 11,792) ((USD 381)) (Note 2)	(\$ 86,541) ((USD 2,682)) (Note 2)	\$ -	
Xian Linan Computer Co., Ltd.	Development and manufacture of computer equipment and computer software; sale of self-manufactured products and provision of technical services.	74,221 (USD 2,300)	Note 1	48,986 (USD 1,518)	-	-	48,986 (USD 1,518)	(4,993) ((USD 161)) (Note 2)	74.38%	(3,714) ((USD 120)) (Note 2)	(6,582) ((USD 204)) (Note 2)	-	

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ 183,552 (USD 5,688)	\$ 183,552 (USD 5,688) (Note 1(II))	\$ 1,216,486
	14,076 (USD 436) (Note 1(I))	

- Note 1: Investment methods are classified into the following two categories:
(I) An investee of CASEMaker, Inc., a wholly owned subsidiary of Syscom Computer Engineering Company and capital increase from capital surplus.
(II) An investee of Syscom International Inc., a wholly owned subsidiary of Syscom Computer Engineering Company.
- Note 2: Amount was recognized based on the financial statements which were not reviewed by CPAs on September 30, 2023.
- Note 3: According to the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAIC), the upper limit is calculated as follows:
60% of the shareholders' equity = \$2,027,477 × 60% = \$1,216,486
- Note 4: The foreign currency amounts of original investment amount and carrying value are expressed in New Taiwan dollars at exchange rate as of September 30, 2023. The foreign currency amount of net income is expressed in New Taiwan dollars at average exchange rate for the nine months ended September 30, 2023.

SYSCOM COMPUTER ENGINEERING CO.
Information on major shareholders
September 30, 2023

Table 6

Name of major shareholder	Shareholding	
	Number of shares held	Shareholding percentage
Jui-Fu Liu	18,346,787	18.34%
Chi-Shan Liu	7,598,911	7.59%
Su-Chen Yang	7,256,001	7.25%

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.