Stock Code: 2453

SYSCOM COMPUTER ENGINEERING CO.
AND SUBSIDIARIES

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

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DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Syscom Computer Engineering Co. and its subsidiaries do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SYSCOM COMPUTER ENGINEERING CO.

By

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Jui-Fu Liu
Chairman

March 17, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syscom Computer Engineering Company

Opinion

We have audited the accompanying consolidated balance sheets of Syscom Computer Engineering Company (the "Corporation") and its subsidiaries (collectively, the "Group") for the years ended December 31, 2022 and 2021 and the relevant consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and consolidated cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the financial statements of the Group for the year ended December 31, 2022 are stated as follows:

<u>Recognition of Contract Revenue</u>

The Group generates revenue through rendering of services according to contract. Revenue from contract is recognized by reference to the stage of completion of contract activity. The stage of completion of the contract is measured based on the proportion of contract cost incurred for work performed to date relative to the estimated total contract cost. The management estimates total contract cost upon signing of the contract. However, the estimated total cost may change as the contract activity progresses and such change may have material impact on revenue recognition; therefore, the recognition of contract revenue is deemed to be a key audit matter.

We focused on the measurement of stage of completion while testing the recognition of contract revenue. The procedures we performed are the following:

1. We examined the underlying documents of original contract and related addendum used as basis for contract revenue recognized.

2. We verified the accuracy of accumulated incurred cost through test of details.

3. We assessed the appropriateness of underlying information and assumptions the management used in estimating total cost.

4. We performed retrospective review of discrepancy between actual costs incurred and estimated total cost of completed contract.

Please refer to Notes 4 and 5 to the financial statements for related disclosure on revenue recognition.

Other Matters

In the Group's consolidated financial statements, the financial statements of subsidiaries that are not material are audited by other auditors. Therefore, in our opinion on the consolidated financial statements as mentioned above, the amounts shown in such subsidiaries' financial statements are recognized based on the audit reports prepared by other auditors. The total assets of the above subsidiaries as of December 31, 2022 and 2021 were NT$282,734 thousands and NT$259,291 thousands, respectively, both accounting for 6% of the total consolidated assets; the net operating revenue for the years ended December 31, 2022 and 2021 was NT$152,396 thousands and NT$124,360 thousands, which represented 3% and 2% of the net consolidated operating revenue.

The Corporation has prepared the financial statements for the years ended December 31, 2022 and 2021, and we have issued an auditor's report on said statements with the unqualified opinion and other matters paragraphs for reference.

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

The responsibilities of the management are to prepare the financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the regulations of IFRS and IAS as well as IFRIC and SIC interpretations endorsed and issued into effect by the FSC and to maintain necessary internal control associated with the preparation in order to ensure that the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Group's governing body (including the Audit Committee) is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's consolidated financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Wei Tai and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021	
Code	ASSETS	Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 600,941	13	$ 468,100	11
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	19,956	-	235,009	6
1136	Financial assets at amortized cost - current (Notes 4, 9 and 28)	202,721	5	185,440	4
1140	Contract assets - current (Notes 4 and 21)	486,381	11	359,158	9
1150	Notes receivable (Note 4)	2,598	-	3,040	-
1172	Accounts receivable (Notes 4, 10, and 27)	1,489,172	34	1,576,836	37
1200	Other receivables (Note 4)	6,054	-	9,681	-
1220	Current tax assets	265	-	248	-
130X	Inventories (Notes 4 and 11)	453,997	10	292,605	7
1410	Prepayments	383,124	9	295,396	7
1479	Other current assets	119,540	3	77,228	2
11XX	Total current assets	3,764,749	85	3,502,741	83
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	25,737	1	22,448	1
1535	Financial assets at amortized cost - non-current (Notes 4, 9, and 28)	129,195	3	147,170	3
1550	Investments accounted for using the equity method (Notes 4 and 13)	69,518	2	64,914	2
1600	Property, plant and equipment (Notes 4, 14, 27, and 28)	357,328	8	370,818	9
1755	Right-of-use assets (Notes 4 and 15)	20,655	-	63,508	1
1821	Intangible assets (Notes 4 and 16)	2,410	-	2,743	-
1840	Deferred tax assets (Notes 4 and 23)	13,665	-	19,204	-
1990	Other non-current assets (Note 4)	51,683	1	40,783	1
15XX	Total non-current assets	670,191	15	731,588	17
1XXX	TOTAL	$ 4,434,940	100	$ 4,234,329	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 17 and 28)	$ 180,922	4	$ 137,726	3
2130	Contract liabilities - current (Notes 4 and 21)	238,583	6	208,240	5
2150	Notes payable	16,026	-	68	-
2170	Accounts payable (Note 27)	1,400,023	32	1,318,607	31
2200	Other payables (Note 18)	392,297	9	376,623	9
2230	Current tax liabilities	33,097	1	33,265	1
2280	Lease liabilities - current (Notes 4, 15, and 27)	8,513	-	45,720	1
2399	Other current liabilities	14,796	-	16,498	-
21XX	Total current liabilities	2,284,257	52	2,136,747	50
	NON-CURRENT LIABILITIES				
2572	Deferred tax liabilities (Notes 4 and 23)	11,130	-	11,238	-
2580	Lease liabilities - non-current (Notes 4, 15, and 27)	12,426	-	20,362	1
2640	Net defined benefits liabilities - non-current (Notes 4 and 19)	54,658	1	77,495	2
2645	Guarantee deposits received	17,656	1	13,730	-
25XX	Total non-current liabilities	95,870	2	122,825	3
2XXX	Total liabilities	2,380,127	54	2,259,572	53
	EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 20)				
3110	Share capital - ordinary shares	1,000,000	22	1,000,000	24
3200	Capital surplus	1,547	-	1,547	-
	Retained earnings				
3310	Legal reserve	303,977	7	281,889	7
3320	Special reserve	17,619	1	17,619	-
3350	Unappropriated earnings	722,955	16	669,982	16
3300	Total retained earnings	1,044,511	24	969,490	23
3400	Other equity	3,747	-	(6,921)	-
31XX	Total equity of the owners of the Corporation	2,049,845	46	1,964,116	47
36XX	Non-controlling interests (Note 20)	4,968	-	10,641	-
3XXX	Total equity	2,054,813	46	1,974,757	47
	TOTAL	$ 4,434,940	100	$ 4,234,329	100

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

(With Deloitte & Touche auditors' report dated March 17, 2023)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31,2022 AND 2021

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

		2022		2021	
Code		Amount	%	Amount	%
	OPERATING REVENUE (Notes 4, 5, 21, and 27)				
4100	Sales	$ 4,583,448	77	$ 4,574,665	78
4600	Maintenance revenue	1,349,167	23	1,292,764	22
4300	Rental revenue	17,909	-	2,166	-
4000	Total operating revenue	5,950,524	100	5,869,595	100
	OPERATING COSTS (Notes 4, 11, 19, 22, and 27)				
5110	Cost of goods sold	3,447,531	58	3,506,830	59
5600	Maintenance costs	969,922	17	936,117	16
5300	Rental costs	14,571	-	2,385	-
5000	Total operating costs	4,432,024	75	4,445,332	75
5900	GROSS PROFIT	1,518,500	25	1,424,263	25
	OPERATING EXPENSES (Notes 10, 19, 22, and 27)				
6100	Selling and marketing expenses	1,024,057	17	949,915	16
6300	Research and development expenses	230,033	4	217,379	4
6450	Expected credit loss recognized on trade receivables	5	-	2,143	-
6000	Total operating expenses	1,254,095	21	1,169,437	20
6900	PROFIT FROM OPERATIONS	264,405	4	254,826	5
	NON-OPERATING INCOME AND EXPENSES (Note 4)				
7100	Interest income (Note 22)	4,043	-	4,335	-
7010	Other income (Notes 22 and 27)	62,094	1	22,710	-
7020	Other gains and losses (Note 22)	(23,093)	-	(8,352)	-
7050	Finance costs (Notes 22 and 27)	(7,826)	-	(4,880)	-
7060	Share of profit or loss of associates and joint ventures (Note 13)	5,033	-	3,218	-
7000	Total non-operating income and expenses	40,251	1	17,031	-
7900	PROFIT BEFORE INCOME TAX	304,656	5	271,857	5
7950	INCOME TAX EXPENSE (Notes 4 and 23)	59,711	1	56,880	1
8200	NET PROFIT FOR THE YEAR	244,945	4	214,977	4

(Continued)

Code		2022 Amount	2022 %	2021 Amount	2021 %
	OTHER COMPREHENSIVE INCOME (Notes 19, 20, and 23)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	$ 17,915	1	$ 6,325	-
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	910	-	15,545	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(3,543)	-	(1,265)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	9,962	-	(4,875)	-
8370	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	(98)	-	(433)	-
8300	Total other comprehensive income, net of income tax	25,146	1	15,297	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 270,091	5	$ 230,274	4
	NET INCOME ATTRIBUTABLE TO:				
8610	Owners of the Corporation	$ 250,730	4	$ 215,822	4
8620	Non-controlling interests	(5,785)	-	(845)	-
8600		$ 244,945	4	$ 214,977	4
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
8710	Owners of the Corporation	$ 275,729	5	$ 231,189	4
8720	Non-controlling interests	(5,638)	-	(915)	-
8700		$ 270,091	5	$ 230,274	4
	EARNINGS PER SHARE (Note 24)				
9710	Basic	$ 2.51		$ 2.16	
9810	Diluted	$ 2.50		$ 2.15	

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

(With Deloitte & Touche auditors' report dated March 17, 2023)

(Concluded)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31,2022 AND 2021

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

		Equity attributable to owners of the Corporation									
				Retained earnings			Other equity				
Code		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	Total	Non-controlling interests	Total equity
A1	BALANCE AT JANUARY 1, 2021	$ 1,000,000	$ 1,521	$ 263,132	$ 17,619	$ 617,855	($ 15,110)	($ 2,116)	$ 1,882,901	$ 11,803	$ 1,894,704
	Appropriation of the 2020 earnings										
B1	Legal reserve	-	-	18,757	-	(18,757)	-	-	-	-	-
B5	Cash dividends - NT$1.5 per share	-	-	-	-	(150,000)	-	-	(150,000)	-	(150,000)
D1	Net profit for the year ended December 31, 2021	-	-	-	-	215,822	-	-	215,822	(845)	214,977
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	5,062	(5,240)	15,545	15,367	(70)	15,297
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	220,884	(5,240)	15,545	231,189	(915)	230,274
M5	Actual acquisition of interests in subsidiaries	-	26	-	-	-	-	-	26	(176)	(150)
Q1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(71)	(71)
Z1	BALANCE AT DECEMBER 31, 2021	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 year ended December 31, 2022	-	-	-	-	250,730	-	-	250,730	(5,785)	244,945
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	14,331	9,758	910	24,999	147	25,146
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	265,061	9,758	910	275,729	(5,638)	270,091
O1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(35)	(35)
Z1	BALANCE AT DECEMBER 31, 2022	$ 1,000,000	$ 1,547	$ 303,977	$ 17,619	$ 722,955	($ 10,592)	$ 14,339	$ 2,049,845	$ 4,968	$ 2,054,813

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

(With Deloitte & Touche auditors' report dated March 17, 2023)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 304,656	$ 271,857
A20010	Adjustments for:		
A20100	Depreciation expenses	111,652	109,024
A20200	Amortization expenses	633	901
A20300	Expected credit loss recognized on trade receivables	5	2,143
A20400	Net gain on financial assets at fair value through profit or loss	(432)	(410)
A20900	Finance costs	7,826	4,880
A21200	Interest income	(4,043)	(4,335)
A21300	Dividend income	(465)	(89)
A22300	Share of profit or loss of associates and joint ventures accounted for using the equity method	(5,033)	(3,218)
A22500	Gain on disposal of property, plant and equipment	(382)	(446)
A23800	Write-downs (reversal) of inventories	167	(8)
A24100	Net loss (gain) on foreign currency exchange	16,360	(4,815)
A29900	Lease modification gain	(323)	(334)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(127,223)	207,978
A31130	Notes receivable	442	959
A31150	Accounts receivable	91,248	(448,072)
A31180	Other receivables	3,747	(1,607)
A31200	Inventories	(164,503)	235,599
A31230	Prepayments	(87,870)	(6,599)
A31240	Other current assets	(1,914)	393
A32125	Contract liabilities	30,343	8,301
A32130	Notes payable	15,958	(436)
A32150	Accounts payable	74,303	(196,264)
A32180	Other payables	14,338	78,438
A32230	Other current liabilities	(1,702)	327
A32240	Net defined benefits liabilities	(4,922)	(17,968)
A33000	Cash inflows from operations	272,866	236,199
A33100	Interest received	4,047	4,333
A33200	Dividends received	465	89

(Continued)

Code		2022	2021
A33300	Interest paid	($ 7,145)	($ 4,793)
A33500	Income tax paid	(58,209)	(43,903)
AAAA	Net cash inflow from operating activities	212,024	191,925
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(2,379)	-
B00040	Proceeds from sale (acquisition) of financial assets at amortized cost	694	(4,366)
B00100	Purchase of financial assets at fair value through profit or loss	(727,950)	(868,500)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	943,435	976,934
B02700	Payments for property, plant and equipment	(48,452)	(40,306)
B02800	Proceeds from disposal of property, plant and equipment	429	719
B04500	Payments for intangible assets	(265)	-
B03800	(Increase) decrease in refundable deposits	(51,298)	4,971
B06000	Decrease in lease receivables	-	122
BBBB	Net cash inflows from investing activities	114,214	69,574
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	28,380	25,361
C03000	Guarantee deposits received	3,926	148
C04020	Repayment of the principal portion of lease liabilities	(45,908)	(46,586)
C04500	Dividends paid	(190,000)	(150,000)
C05400	Acquisition of subsidiaries	-	(150)
C05800	Cash dividends paid to non-controlling interests	(35)	(71)
CCCC	Net cash outflows from financing activities	(203,637)	(171,298)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	10,240	(1,868)
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	132,841	88,333
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	468,100	379,767
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 600,941	$ 468,100

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

(With Deloitte & Touche auditors' report dated March 17, 2023)

(Concluded)

(Amounts in thousands of NTD, unless otherwise indicated)

1. General

SYSCOM COMPUTER ENGINEERING CO. (hereinafter referred to as "the Company") was established in July 1975 and is mainly engaged in the lease and sale of computer systems, design engineering of computer software systems, computer hardware maintenance and computer information system integration. The Company's shares have been listed and traded on the Taiwan Stock Exchange since May 22, 2001.

The consolidated financial statements are presented in NTD, which is the functional currency of the Company.

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 March 17, 2023.

3. Application of New and Revised Standards and Interpretations

(1) Application of the amendments to 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 any material impact on the Group’s accounting policies.

(2) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023.

New/Amended/Revised Standards and Interpretations	Effective Date Announced by IASB
Amendment to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendment to IAS 8, "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023..

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

New/ Revised /Amended Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)

New/ Revised /Amended Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment 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

Note 1: Unless stated otherwise, the above new, revised or amended standards and interpretations 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.

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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved 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) Classification of current and non-current assets and liabilities

Current assets include:

A. Assets held primarily for the purpose of trading;

B. Assets expected to be realized within twelve months after the reporting period; and

C. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

A. Liabilities held primarily for the purpose of trading;

B. Liabilities due to be settled within twelve months after the reporting period; and

C. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

(4) 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 Exhibits 4 and 5 for details of subsidiaries, shareholding percentage and principal businesses.

(5) Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the financial statements of the Corporation's foreign operations (including subsidiaries, associates and joint ventures in other countries) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year; and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

(6) Inventories

Inventories are stated at the lower of cost or net realizable value item by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The calculation of the cost of inventory is derived using the weighted-average method.

(7) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint venture attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses in an associate or a joint venture equals or exceeds its equity interest in the associate and the joint venture (including the carrying amount of the associate or joint venture under the equity method and other long-term equity interests that are in substance a component of the Group 's net investment in the associate and the joint venture), the Group shall cease to recognize further losses. The Group recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of associate and the joint venture have been incurred.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

(8) Property, plant and equipment

Property, plant and equipment are stated at cost, less recognized accumulated d epreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The Group estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(9) Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit is tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Upon disposal of an operation within a cash-generating unit to which goodwill is allocated, the amount of goodwill associated with the disposed operation is included in the carrying amount of the operation to determine the disposal gain or loss.

(10) Intangible assets

A. Acquired separately

Intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. Intangible assets are amortized on a straight-line basis over their useful lives. The Group reviews the estimated useful lives, residual values and amortization methods at least at the end of each year and defers the effect of changes in applicable accounting estimates. Intangible assets with indefinite useful lives are stated at cost less accumulated impairment.

B. Derecognition

When an intangible asset is derecognized, the difference between the net disposal price and the carrying amount of the asset is recognized in profit or loss for the period.

(11) Impairment of Property, Plant and Equipment, Right-of-use Assets, Intangible Assets Other Than Goodwill and Incremental Costs of Obtaining Contracts

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(12) Financial instruments

Financial assets and financial liabilities are recognized on the Group only balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis.

a. Measurement category

The Group's financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

(a) Financial assets at FVTPL

For certain financial assets which include debt instrument that do not meet the criteria of amortized cost or FVTOCI, it is mandatorily required to measure them at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The dividends, interest earned and net gain or loss recognized in profit or loss on the financial asset. Fair value is determined in the manner described in Note 26.

(b) Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, investments in debt instruments, notes receivable, accounts receivable, lease receivables, other receivables and refundable deposits, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to multiply the gross carrying amount of a financial asset.

Cash equivalents, held to meet short-term cash commitments, include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, as well as deposits in the bank and commercial papers, which are subject to an insignificant risk of changes in value.

(c) Investments in equity instruments at FVTOCI

On initial recognition,the Group may make an irrevocable designate investments in equity instruments that is not held for trading as at FVTOCI.Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets and contract assets

The Group assesses financial assets (including accounts receivable), lease receivables and contract assets at amortized cost at each balance sheet date based on Expected Credit Loss（ECL）.

Allowance for loss is recognized for accounts receivable, lease receivables and contract assets based on the ECL over their duration of existence. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the duration of existence of the assets.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

All impairment of financial assets is recognized through the reduction of the carrying amount of the provisioned account.

c. De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

B. Financial liabilities

a. Subsequent measurement

All financial liabilities are evaluated at the amortized cost using the effective interest method.

b. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assetstransferred or liabilities assumed, is recognized in profit or loss.

(13) Recognition of revenue

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

A. Sales revenue

<u>Project contract revenue</u>

Project contract revenue is derived from hardware and software system integration services.

With the hardware and software system integration services provided by the Group, customers also obtain and consume performance benefits. The hardware and software system integration services rely on the input of technical personnel and the completion of hardware equipment, and the Group measures the progress of completion based on the estimated total cost invested. Customers pay in installments according to contractual agreements.The Group recognizes contract assets over time in the course of providing services and reclassifies them as accounts receivable at the time of billing. If the amount received exceeds the amount of revenue recognized, the difference is recognized as a contract liability.

If it is probable that total contract costs will exceed total contract revenues, all expected losses are recognized as expenses immediately.

Product sales revenue

The Group recognizes revenue and accounts receivable from sales of computer hardware and software and computer peripherals at the point when each contractual obligation is satisfied or when the customer has obtained control of and access to the products and assumes the risk of the products.

B. Service revenue

Service revenue is derived from the provision of subsequent maintenance services for software and hardware equipment during the contract period. The Group recognizes such revenue over time.

(14) Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

A. The Group as lessor.

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under capital leases, lease payments include fixed payments. Net investment in leases is measured as the sum of the present value of lease payments receivable and the unguaranteed residual value plus original direct costs and is expressed as capital lease receivables. Capital lease income is allocated to each accounting period to reflect the constant rate of return that the Group's outstanding net lease investment can earn in each period.

Under operating leases, lease payments are recognized as income on a straight-line basis over the relevant lease period..

B. The Group as lessee.

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and less any lease incentives received, any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the Group only balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rates.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the Group only balance sheets.

(15) Government Grants

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to the government subsidy and that the subsidy will be received.

Government grants are recognized in other income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Group. Government subsidies conditioned on the purchase, construction or acquisition by other means of non-current assets by the Group are recognized as deferred revenue and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets.

Government grants are recognized in profit or loss in the period in which they become collectible if they are intended to compensate for expenses or losses already incurred or to provide immediate financial support to the Group and have no future related costs.

(16) Employee benefits

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

B. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains or losses on settlements) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses; and the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(17) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax

The Group determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

According to the Income Tax Act in the ROC, an additional tax of unappropriated earnings is provided for in the year the stockholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits from purchases of machinery, equipment and technology and research, development expenditures, etc. to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

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 Group has taken the recent development of the COVID-19 outbreak and its possible impact on the economic environment into consideration in making significant accounting estimates related to cash flow projections, growth rates, discount rates, profitability, etc. Management will continue to review the estimates and underlying assumptions. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future periods.

Critical Accounting Judgments

Timing of recognition of revenue

The Group assesses whether a performance obligation is satisfied over time or at a certain point in time in accordance with the terms of the customer contract and applicable regulations.

The revenue generated from the hardware and software system integration services provided by the Group y under the contracts depends on the input of technical personnel and the completion of hardware equipment. The Group measures the progress of completion based on the estimated total cost invested and the customers pay in installments according to the contracts. The Group recognizes contract assets in the course of providing services and recognizes revenue based on the total contract price in proportion to completion. For the purpose of calculating the percentage of completion, the Group estimates the total contract cost at the same time when the contract is signed. If there is a subsequent change in the total contract cost, the percentage of completion is revised and the revenue recognition is adjusted in the period of change.

6. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 707	$ 720
Bank checking and demand deposits	297,539	391,267
Cash equivalents (investments with original maturities of less than 3 months)		
Bank time deposits	71,704	67,512
Commercial papers	230,991	8,601
	$ 600,941	$ 468,100

The interest rate ranges of bank deposits ,bank time deposits and commercial papers with original maturities of less than 3 months at the balance sheet date were as follows:

	December 31, 2022	December 31, 2021
Bank demand deposits	0.01%~0.46%	0.01%～0.4%
Bank time deposits with original maturities of less than 3 months		
Bank time deposits	0.125%~3.69%	0.125%～1.02%
Commercial papers	0.66%~0.80%	-

7. Financial assets at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss - non-derivative financial assets		
- Fund beneficial certificates	$ 19,956	$ 235,009

8. Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Investments in equity instruments - non-current		
Domestic investments		
Listed stocks	$ 24,142	$ 20,853
Unlisted stocks	1,595	1,595
	$ 25,737	$ 22,448

The Group invests in the above domestic stocks for medium- to long-term strategic purposes and expects to make profits from the long-term investments. The management of the Group considers that it is inconsistent with the aforementioned long-term investment plan to include short-term fluctuations in the fair values of these investments in profit or loss, and therefore chooses to designate these investments as measured at fair value through other comprehensive income.

The Group purchased the common stocks of Turn Cloud Technology Service Inc. in January 2020, which was designated as investment at fair value through other comprehensive income 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.

9. Financial assets at amortized cost

	December 31, 2022	December 31, 2021
Time deposits pledged	$ 231,060	$ 235,660
Bank time deposits with original maturities of more than 3 months	100,856	96,950
	$ 331,916	$ 332,610
Current	$ 202,721	$ 185,440
Non-current	129,195	147,170
Total	$ 331,916	$ 332,610

As of December 31, 2022 and 2021, the interest rate ranges for time deposits with original maturity over 3 months are 0.51%~1.40% and 0.35%~1.07% per annum.

For information on pledged financial assets at amortized cost, see Note 28.

The Group assessed that the expected credit risk of the above financial assets at amortized cost was not significant and its credit risk did not increase after the initial recognition. The Group did not expect credit losses on the above financial assets at amortized cost to occur within 12 months after the date of the financial statements, and no allowance for losses had been recognized as of December 31, 2022 and 2021.

10. Accounts receivable

	December 31, 2022	December 31, 2021
Measured at amortized cost		
Accounts receivable	$ 1,490,655	$ 1,578,296
Less: Allowance for losses	(1,483)	(1,460)
	$ 1,489,172	$ 1,576,836

The average credit period for the Group's product sales is 30 to 120 days, and the accounts receivable are not interest-bearing.

To mitigate credit risk, the Group's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recorded for uncollectible receivables. Accordingly, the management of the Company believed that the credit risk of the Group y has been significantly reduced.

The Group recognizes an allowance for losses on accounts receivable based on the expected credit losses over the duration of existence of the accounts receivable. Expected credit losses over the duration of existence are based on the customer's past default history, current financial position and past collection experience, observable changes in national or regional economic conditions related to receivables, and the debtor's industry indicators.

If there is evidence that the counterparty is in serious financial difficulty and the Group cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation, the Group directly writes off the related accounts receivable but continues the collection activities, and the amount recovered from the collection is recognized in profit or loss.

Based on the above considerations, the Group measured the allowance for losses on accounts receivable based on the aging range of accounts receivable (based on the post date) and evaluated the credit risk of individual customers as follows:

December 31, 2022

	1～60 days	61～90 days	91～120 days	121 days or more	Total
Total carrying amount	$ 1,231,408	$ 157,786	$ 22,655	$ 78,806	$ 1,490,655
Allowance for losses (expected credit losses over the duration of existence)	-	-	-	(1,483)	(1,483)
Amortized cost	$ 1,231,408	$ 157,786	$ 22,655	$ 77,323	$ 1,489,172

December 31, 2021

	1～60 days	61～90 days	91～120 days	121 days or more	Total
Total carrying amount	$ 1,446,276	$ 73,881	$ 32,038	$ 26,101	$ 1,578,296
Allowance for losses (expected credit losses over the duration of existence)	-	-	-	(1,460)	(1,460)
Amortized cost	$ 1,446,276	$ 73,881	$ 32,038	$ 24,641	$ 1,576,836

Information on the changes in the allowance for losses on accounts receivable is as follows:

	2022	2021
Balance at the beginning of the year	$ 1,460	$ 1,412
Impairment loss provided for the year	5	2,143
Write-off for the year	-	(2,091)
Foreign currency translation differences	18	(4)
Balance at the end of the year	$ 1,483	$ 1,460

11. Inventories

	December 31, 2022	December 31, 2021
Merchandises	$ 220,735	$ 132,549
Project inventories	226,770	147,883
Inventories in transit	5,862	10,840
Maintenance materials	630	1,333
Total	$ 453,997	$ 292,605

Merchandises are mainly computers and peripheral software and hardware equipment for sale.

Project inventories are mainly hardware and software merchandise and service costs that have been invested in projects but no revenue has been recognized.

The cost of goods sold related to inventories for the years 2022 and 2021 were $3,447,531 thousand and $3,506,830 thousand, respectively. The cost of goods sold included a loss on decline in value of inventories of $167 thousand and a gain on reversal of value of inventories of $8 thousand, respectively. The increase in net realizable value of inventories was due to the sale of inventories previously recorded as a loss on decline in value.

12. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

The entities covered by the consolidated financial statements are as follows:

Name of the investor company	Name of the subsidiary	Business nature	Ownership percentage December 31, 2022	Ownership percentage December 31, 2021	Description
The Company	Casemaker Inc.	Sales of computer software, hardware and related products.	100.00%	100.00%	(1)
	SYSCOM INTERNATIONAL INC.	Investments in other businesses	100.00%	100.00%	(1)

Name of the investor company	Name of the subsidiary	Business nature	Ownership percentage December 31, 2022	Ownership percentage December 31, 2021	Description
	Coach Technology Management Inc.	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.	97.50%	97.50%	(1)
	Syscom Computer(Thailand)Co., Ltd.	Development and maintenance of software and other businesses.	91.40%	91.40%	(1)
	Wisemaker Technology Co.	Sales of computer software, hardware and related products.	98.72%	98.72%	(1)
	Netmaker Technology Co., Ltd. (Netmaker Technology Co.)	Information software, data processing and electronic information supply services	86.60%	86.60%	(1)
Coach Technology Management Inc.	Syscom Computer(Thailand)Co., Ltd.	Development and maintenance of software and other businesses	0.54%	0.54%	(1)
Casemaker Inc. and SYSCOM INTERNA-TIONAL 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%	(1)
	Xian Linan Computer Co., Ltd.	Development and production of computer equipment and computer software, computer system integration network construction, sales of self-produced products, and provision of after-sales technical services.	74.38%	74.38%	(1)

A. The amounts shown in the consolidated financial statements are recognized based on the financial statements of each subsidiary audited by CPAs for the same period.

B. The Company acquired 13 thousand shares of Netmaker Technology Co., Ltd. from a non-related party for NT$128 thousand in February 2021, and the shareholding percentage was changed to 86.60% after the acquisition.

C. The Company acquired 1 thousand shares of Wisemaker Technology Co. from a non-related party for NT$22 thousand in October 2021, and the shareholding percentage was changed to 98.72% after the acquisition.

(2) Subsidiaries not included in the consolidated financial statements: None.

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

13. Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Investments in associates	$ 15,486	$ 12,179
Investments in joint ventures	54,032	52,735
	$ 69,518	$ 64,914

(1) Investments in associates

	December 31, 2022	December 31, 2021
Associates of no materiality individually		
Unlisted companies		
DBMaker Japan Inc.	$ 15,486	$ 12,179

The ownership interest in associates and the percentage of voting rights at the balance sheet date were as follows:

Name of the company	December 31, 2022	December 31, 2021
DBMaker Japan Inc.	49.89%	49.89%

The following summarized financial information is based on the financial report statements of all the associates in conformity with IFRSs and reflected the adjustments made due to the adoption of the equity method.

	2022	2021
Share of the Group		
Net profit for the year	$ 3,639	$ 2,036
Other comprehensive income	(332)	(1,647)
Total comprehensive income	$ 3,307	$ 389

The calculation of the Group's share of profit or loss and other comprehensive income of associates under the equity method for 2022 and 2021 is based on the financial statements of each associate for the same period that have not been audited by CPAs; however, the management of the Group believes that the fact the financial statements of the aforementioned investees have not been audited by the CPAs would not have a material effect.

(2) Investments in joint ventures

	December 31, 2022	December 31, 2021
Joint ventures of no materiality individually		
Cloudmaster Co., Ltd.	$ 54,032	$ 52,735

The Group's ownership interest in joint ventures and the percentage of voting rights at the balance sheet date were as follows:

Name of the company	December 31, 2022	December 31, 2021
Cloudmaster Co., Ltd.	50.00%	50.00%

The following summarized financial information is based on the financial report statements of all the joint ventures in conformity with IFRSs and reflected the adjustments made due to the adoption of the equity method.

	2022	2021
Share of the Group		
Net profit for the year	$ 1,394	$ 1,182
Other comprehensive income	(97)	(433)
Total comprehensive income	$ 1,297	$ 749

In March 2013, the Group invested in 50% of the shares of Cloudmaster Co., Ltd. in a joint venture with a Japanese company approved by the Investment Commission, MOEA, which is engaged in information software, data processing and electronic information supply services. According to the joint venture agreement, the Board of Directors and the shareholders' meeting of Cloudmaster Co., Ltd. adopt a majority rule for its resolutions, but the Group holds less than half of the seats of directors of the Cloudmaster, and in accordance with the management authority of its actual operations, material resolutions and decisions must be approved by the shareholders of both parties, but the Group is unable to directly decide to obtain other variable remuneration that is not available to the shareholders of the other party, and has no direct ability to influence the remuneration obtained by participating in the joint venture investment. Therefore, the Group has no control over Cloudmaster Co., Ltd.

The shares of profit or loss and other comprehensive income of joint ventures under the equity method for the years 2022 and 2021 were recognized based on the financial statements of the joint ventures' financial statements for the same periods audited by CPAs.

For information on the nature of business, principal place of business and country of incorporation of the above associates and joint ventures, please refer to Exhibit 4 "Information on Investees".

14. Property, plant and equipment

	December 31, 2022	December 31, 2021
For the Group's use	$ 333,516	$ 341,556
Under operating lease	23,812	29,262
	$ 357,328	$ 370,818

(1) For the Group's use

	Land	Buildings	Maintenance equipment	Computer equipment	Leasehold improvements	Others	Total
Cost							
Balance at January 1, 2022	$ 121,490	$ 98,096	$ 89,134	$ 292,799	$ 102,592	$ 19,788	$ 723,899
Addition	-	-	10,406	31,414	4,752	2,431	49,003
Disposal	-	-	(10,419)	(50,502)	(95)	(1,938)	(62,954)
Reclassification	-	-	2,433	273	-	-	2,706
Net exchange difference	1,224	2,425	-	464	54	170	4,337
Balance at December 31, 2022	$ 122,714	$ 100,521	$ 91,554	$ 274,448	$ 107,303	$ 20,451	$ 716,991
Accumulated depreciation							
Balance at January 1, 2022	$ -	$ 50.251	$ 53,322	$ 177,991	$ 90,100	$ 10,679	$ 382,343
Disposal	-	-	(10,418)	(50,502)	(95)	(1,892)	(62,907)
Depreciation expenses	-	1,928	13,049	34,052	10,403	2,481	61,913
Reclassification	-	-	(40)	-	-	-	(40)
Net exchange difference	-	1,538	-	415	45	168	2,166
Balance at December 31, 2022	$ -	$ 53,717	$ 55,913	$ 161,956	$ 100,453	$ 11,436	$ 383,475
Net at December 31, 2022	$ 122,714	$ 46,804	$ 35,641	$ 112,492	$ 6,850	$ 9,015	$ 333,516
Cost							
Balance at January 1, 2021	$ 121,813	$ 97,772	$ 102,859	$ 306,037	$ 102,019	$ 20,834	$ 751,334
Addition	-	948	5,209	30,069	589	3,491	40,306
Disposal	-	-	(20,323)	(45,384)	-	(4,490)	(70,197)
Reclassification	-	-	1,389	2,434	-	-	3,823
Net exchange difference	(323)	(624)	-	(357)	(16)	(47)	(1,367)
Balance at December 31, 2021	$ 121,490	$ 98,096	$ 89,134	$ 292,799	$ 102,592	$ 19,788	$ 723,899
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 48,772	$ 60,239	$ 188,618	$ 80,554	$ 12,365	$ 390,548
Disposal	-	-	(20,323)	(45,349)	-	(4,252)	(69,924)
Depreciation expenses	-	1,870	13,532	35,095	9,561	2,609	62,667
Reclassification	-	-	(126)	(34)	-	-	(160)
Net exchange difference	-	(391)	-	(339)	(15)	(43)	(788)
Balance at December 31, 2021	$ -	$ 50,251	$ 53,322	$ 177,991	$ 90,100	$ 10,679	$ 382,343
Net at December 31, 2021	$ 121,490	$ 47,845	$ 35,812	$ 114,808	$ 12,492	$ 9,109	$ 341,556

Depreciation expenses are provided on a straight-line basis over the following useful lives:

Buildings	39 to 60 years
Maintenance equipment	6 years
Computer equipment	3 to 8 years
Leasehold improvements	1 to 10 years
Others	
- Office equipment	3 to 8 years
-Transportation equipment	5 years

Please refer to Note 28 for the amount of property, plant and equipment set as collateral for loans.

(2) Under operating lease

	Machinery equipment
Cost	
Balance at January 1, 2022	$ 30,406
Reclassification	198
Balance at December 31, 2022	$ 30,604
Accumulated depreciation and impairment	
Balance at January 1, 2022	$ 1,144
Depreciation expenses	5,648
Balance at December 31, 2022	$ 6,792
Net at December 31, 2022	$ 23,812
Cost	
Balance at January 1, 2021	$ 1,834
Reclassification	28,572
Balance at December 31, 2021	$ 30,406
Accumulated depreciation and impairment	
Balance at January 1, 2021	$ 131
Depreciation expenses	1,312
Reclassification	(299)
Balance at December 31, 2021	$ 1,144
Net at December 31, 2021	$ 29,262

The Group leases machinery equipment under operating leases for a period of 1 to 3 years. The lessee does not have a preferential right to acquire the asset at the end of the lease period.

The total future lease payments to be received under operating leases are as follows:

	December 31, 2022	December 31, 2021
Year 1	$ 17,323	$ 17,834
Year 2	16,831	17,277
Year 3	16,740	16,830
Year 4	-	16,740
	$ 50,894	$ 68,681

Assets under operating leases are depreciated using the straight-line method over 1 to 6 years of useful life.

15. Lease agreements

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Buildings	$ 20,655	$ 63,508

	2022	2021
Addition of right-of-use assets	$ 875	$ 21,517
Depreciation expenses of right-of-use assets		
Buildings	$ 44,091	$ 45,045

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of lease liabilities		
Current	$ 8,513	$ 45,720
Non-current	$ 12,426	$ 20,362

The discount rate range for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Buildings	0.75%~2.61%	0.75%~2.61%

(3) Important lease activities and terms with the Group as lease

The Group leases in certain buildings for use as offices and dormitories for a period of 2 to 10 years. All operating leases with lease periods of more than 5 years include a review clause that rents are adjusted every 5 years in accordance with market rates. At the end of the lease periods, the Group does not have preferential purchase rights for the leased buildings.

(4) Other lease information

The Group leases out its own property, plant and equipment as lessor under operating leases as described in Note 14

	2022	2021
Short-term lease expenses	$ 5,584	$ 3,490
Variable lease payment expenses excluded from the measurement of lease liabilities	$ 229	$ 820
Total cash (outflow) from leases	($ 52,473)	($ 52,427)

The Group has elected to waive the applicable recognition for leases of buildings and leasehold improvements that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for these leases.

16. Intangible assets

2022

	Computer software costs	Goodwill	Total
Net at January 1, 2022	$ 2,150	$ 593	$ 2,743
Addition	265	-	265
Amortization expenses	(633)	-	(633)
Net exchange difference	35	-	35
Net at December 31, 2022	$ 1,817	$ 593	$ 2,410

2021

	Computer software costs	Goodwill	Total
Net at January 1, 2021	$ 3,063	$ 593	$ 3,656
Amortization expenses	(901)	-	(901)
Net exchange difference	(12)	-	(12)
Net at December 31, 2021	$ 2,150	$ 593	$ 2,743

Amortization expenses for computer software costs are accrued on a straight-line basis over 1 to 10 years of useful life.

As of December 31, 2022 and 2021, the Group assessed that there was no indication that computer software costs may have been impaired and therefore no impairment test was performed; as of December 31, 2022 and 2021, the Group assessed that the recoverable amount of goodwill was higher than its carrying amount and therefore no impairment was made.

17. Loans

	December 31, 2022	December 31, 2021
Unsecured loans		
- Line of credit borrowings	$ 180,922	$ 137,726

The interest rates on revolving bank loans were 2.08% to 7.08% and 1.37% to 2.86% as of December 31, 2022 and 2021, respectively.

18. Other payables

	December 31, 2022	December 31, 2021
Salaries and bonuses payable	$ 288,394	$ 248,183
Business taxes payable	26,275	61,834
Insurance premiums payable	18,507	17,210
Pension expenses payable	14,858	14,384
Profit-sharing remuneration payables for employees	9,600	8,450
Leave benefits payable	2,414	2,271
Others	32,249	24,291
	$ 392,297	$ 376,623

19. Retirement benefits plans

(1) Defined contribution plan

The pension systems of the Company, Coach Technology Management Inc., Wisemaker Technology Co., and Netmaker Technology Co., Ltd. within the Group under the “Labor Pension Act” are government-administered defined contribution pension plans, under which these companies are required to contribute 6% of employees' monthly salaries to their personal pension accounts with the Bureau of Labor Insurance.

(2) Defined benefits plan

The pension systems of the Company, Coach Technology Management Inc., Wisemaker Technology Co., and Netmaker Technology Co., Ltd. within the Group under the "Labor Standards Act" are government-administered defined benefits pension plans. Employees' pension payments are calculated based on the years of service and the average salary for the six months before the approved retirement date. These companies are required to appropriate 2% of the employees' monthly salaries to the Supervisory Committee of Labor Retirement Reserve for deposit into a special account in the Bank of Taiwan in the Committee's name. Before the end of the year, if the estimated balance of the special account is not enough to pay for the workers who are expected to meet the retirement requirements in the following year, the difference will be made up in one lump sum by the end of March of the following year. The Group has no right to influence the investment management strategy as the special account is entrusted to be administered by the Bureau of Labor Fund, Ministry of Labor.

The amounts of defined benefit plan included in the consolidated balance sheets are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefits obligations	$ 210,595	$ 228,161
Fair value of planned assets	(155,937)	(150,666)
Net defined benefits liabilities	$ 54,658	$ 77,495

The changes in net defined benefits liabilities (assets) were as follows:

	Present value of defined benefits obligations	Fair value of planned assets	Net defined benefits liabilities (assets)
Balance at January 1, 2021	$ 237,725	($ 135,937)	$ 101,788
Current service costs	273	-	273
Interest expense (income)	694	(392)	302
Recognized in profit or loss	967	(392)	575
Remeasurement			
Return on planned assets (other than the amounts included in net interest)	-	(2,013)	(2,013)
Actuarial loss - changes in demographic assumptions	4,538	-	4,538
Actuarial gain - changes in financial assumptions	(6,066)	-	(6,066)
Actuarial gain - adjustment through experiences	(2,784)	-	(2,784)
Recognized in other comprehensive income	(4,312)	(2,013)	(6,325)
Appropriated by the employer	-	(18,543)	(18,543)
Benefits payment	(6,219)	6,219	-
Balance at December 31, 2021	228,161	(150,666)	77,495
Current service costs	228	-	228
Interest expense (income)	1,434	(938)	496
Recognized in profit or loss	1,662	(938)	724
Remeasurement			
Return on planned assets (other than the amounts included in net interest)	-	(11,582)	(11,582)

	Present value of defined benefits obligations	Fair value of planned assets	Net defined benefits liabilities (assets)
Actuarial gain - changes in financial assumptions	(8,903)	-	(8,903)
Actuarial loss - adjustment through experiences	2,570	-	2,570
Recognized in other comprehensive income	(6,333)	(11,582)	(17,915)
Appropriated by the employer	-	(5,646)	(5,646)
Benefits payment	(12,895)	12,895	-
Balance at December 31, 2022	$ 210,595	($ 155,937)	$ 54,658

The amounts recognized in profit or loss for defined benefit plan are summarized by function as follows:

	2022	2021
Operating costs	$ 194	$ 176
Operating expenses	530	399
	$ 724	$ 575

The Group is exposed to the following risks as a result of the pension system under the "Labor Standards Act":

A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the Labor Pension Fund in domestic (and foreign) equity securities, debt securities and bank deposits through its own operations and by entrusted 3rd parties, but the amount allocated to the Group's plan assets should not be less than the income at the interest rate of two-year time deposits in local banks.

B. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.

C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Group's defined benefit obligation was actuarially determined by a qualified actuary:

	December 31, 2022	December 31, 2021
Discount rate	1.25%~1.40%	0.65%～0.75%
Expected salary increase rate	2.00%	2.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 3,537)	($ 4,187)
Decrease by 0.25%	$ 3,633	$ 4,307
Expected salary increase rate		
Increase by 0.25%	$ 3,597	$ 4,239
Decrease by 0.25%	($ 3,519)	($ 4,143)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	December 31, 2022	December 31, 2021
Amount expected to be appropriated within 1 year	$ 2,565	$ 2,624
Average duration to maturity of defined benefit obligation	6.71Years~11.80Years	7.34Years~12.83Years

20. Equity

(1) Share capital - ordinary shares

	December 31, 2022	December 31, 2021
Authorized number of shares (in thousands)	157,000	157,000
Authorized capital	$ 1,570,000	$ 1,570,000
Number of shares issued and fully paid (in thousands)	100,000	100,000
Issued shares	$ 1,000,000	$ 1,000,000

The issued common stock has a par value of $10 per share and each share is entitled to one right to vote and the right to receive dividends.

(2) Capital surplus

Capital surplus results from the difference between the actual acquisition or disposal price and the book value of the Company's equity in a subsidiary under equity transactions and from donated assets.

(3) Retained earnings and dividend policy

In accordance with the Company's Articles of Incorporation, if the Company made a profit in a fiscal year as concluded by the year-end accounting close, the profit shall be first used for paying taxes, making up for the cumulative losses, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company’s paid-in capital, setting aside an amount for or reversing a special reserve in accordance with laws and regulations, and then any remaining profit, together with any undistributed earnings, shall be adopted by the Company’s Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders’ meeting for a resolution before distribution of bonuses to shareholders. For the distribution policy on profit-sharing remuneration for employees and directors, see Note 22 (7) on profit-sharing remuneration for employees and directors.

The principle of the Company's dividend policy is to distribute cash dividends and stock dividends in an appropriate mix, and to determine the type, amount and timing of dividends based on the actual profitability, capital budget planning and capital position of the year. The Company shall distribute cash dividends at no less than 10% of the total dividends to be distributed in the year; however, if it has more abundant surplus and capital, it may raise said percentage.

Legal reserve should be appropriated until its balance reaches the Company's total paid-in capital. Legal reserve may be used to make up for losses. If the Company has no loss, the excess of legal reserve over 25% of the total paid-in capital may be distributed in cash in addition to being capitalized as equity.

When distributing earnings, the Company is required by law to provide special reserve for the net reduction of other equity items. If the net deduction of other shareholders' equity is subsequently reversed, within the portion of which, special reserve may be reversed for distribution of earnings.

The Company held regular shareholders' meetings on June 15, 2022 and July 29, 2021, respectively, and resolved to approve the following distribution proposals for 2021 and 2020 earnings:

	2021	2020
Legal reserve	$ 22,088	$ 18,757
Cash dividends	$ 190,000	$ 150,000
Cash dividends per share (NTD)	$ 1.9	$ 1.5

On March 17, 2023, the Company's Board of Directors proposed to distribute 2022 earnings as follows:

	2022
Legal reserve	$ 26,506
Cash dividends	$ 220,000
Cash dividends per share (NTD)	$ 2.2

The 2022 earnings distribution proposal is subject to the resolution of the regular shareholders' meeting scheduled for June 13, 2023.

(4) Special reserve

Upon the adoption of IFRSs for the first time, the Group transferred the cumulative translation adjustment of $17,619 thousand on the accounting book to retained earnings, and a special reserve of the same amount was provided.

(5) Other equity interests

A. Exchange differences on translation of financial statements of foreign operations

	2022	2021
Balance at the beginning of the year	($ 20,350)	($ 15,110)
Translation differences of foreign operations	9,856	(4,807)
Share of affiliates and joint ventures accounted for using the equity method	(98)	(433)
Balance at the end of the year	($ 10,592)	($ 20,350)

B. Unrealized gain or loss on financial assets at fair value through other comprehensive income

	2022	2021
Balance at the beginning of the year	$ 13,429	($ 2,116)
Unrealized gain or loss on equity instruments arising during the year	910	15,545
Balance at the end of the year	$ 14,339	$ 13,429

(6) Non-controlling interests

	2022	2021
Balance at the beginning of the year	$ 10,641	$ 11,803
Net loss for the year	(5,785)	(845)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of foreign operations	106	(68)
Remeasurement of defined benefit plans	41	(2)

	2022	2021
Effective acquisition of partial interest in a subsidiary by the parent company (Note 12)	-	(176)
Cash dividends from subsidiaries	(35)	(71)
Balance at the end of the year	$ 4,968	$ 10,641

21. Revenue

	2022	2021
Sales revenue		
Project contract revenue and merchandise sales revenue	$ 4,583,448	$ 4,574,665
Service revenue	1,349,167	1,292,764
Rental revenue		
Equipment rental revenue	17,909	2,166
	$ 5,950,524	$ 5,869,595

(1) Description of customer contracts

Sales revenue

Customer contracts under the project contract revenue are for system integration services based on customization specifications. Revenue is recognized based on the degree of completion of the contracts, and the customer pays the contract consideration according to the contract schedule.

Merchandise sales revenue is recognized when the contractual obligations are met or when the customer has acquired control and use of the merchandises and assumes the risk of the merchandises.

Service revenue

Service revenue arises when maintenance services are provided to the customer during the contract period. Part of the consideration is received in advance at the time of signing the contract and revenue is subsequently recognized over the contract period on a straight-line basis.

(2) Contract balances

	December 31, 2022	December 31, 2021
Accounts receivable (Note 10)	$ 1,489,172	$ 1,576,836
Contract assets		
System integration services	$ 486,381	$ 359,158
Less: Allowance for losses	-	-
Contract assets - current	$ 486,381	$ 359,158
Contract liabilities		
System integration services	$ 238,583	$ 208,240

The changes in contract assets and contract liabilities were mainly due to the difference between the timing of meeting performance obligations and the timing of customer payments. There was no material change in the period except for the adjustment based on the results of completion measurement.

(3) Breakdown of customer contract revenue

2022

	Reportable segment		
Type of products or services	Business segments of the Company	Business segments of the entities controlled by the Company	Total
Sales revenue	$ 4,314,490	$ 268,958	$ 4,583,448
Service revenue	1,325,870	23,297	1,349,167
Rental revenue	17,880	29	17,909
	$ 5,658,240	$ 292,284	$ 5,950,524

2021

	Reportable segment		
Type of products or services	Business segments of the Company	Business segments of the entities controlled by the Company	Total
Sales revenue	$ 4,307,024	$ 267,641	$ 4,574,665
Service revenue	1,266,905	25,859	1,292,764
Rental revenue	1,514	652	2,166
	$ 5,575,443	$ 294,152	$ 5,869,595

22. Net profit for the period

(1) Interest income

	2022	2021
Bank deposits	$ 4,043	$ 4,335

(2) Other income

	2022	2021
Government grants income	$ 39,858	$ 6,712
Marketing incentive income	10,563	4,275
Rental income	5,716	5,221
Others	5,957	6,502
	$ 62,094	$ 22,710

(3) Other gain and loss

	2022	2021
Net gain on financial assets at fair value through profit or loss	$ 432	$ 410
Gain on disposal of property, plant and equipment	382	446
Net foreign currency exchange (loss) gain	(10,297)	2,590
Others	(13,610)	(11,798)
	($ 23,093)	($ 8,352)

(4) Finance costs

	2022	2021
Interest on bank loans	$ 6,974	$ 3,442
Interest on lease liabilities	850	1,437
Others	2	1
	$ 7,826	$ 4,880

(5) Depreciation and amortization

	2022	2021
Summary of depreciation expenses by function		
Operating costs	$ 21,088	$ 17,124
Operating expenses	90,564	91,900
	$ 111,652	$ 109,024
Summary of amortization expenses by function		
Operating expenses	$ 633	$ 901

(6) Employee benefits expenses

	2022	2021
Short-term employee benefits		
Salary expenses	$ 1,420,176	$ 1,318,441
Labor and health insurance expenses	135,709	132,384
Other employment expenses	48,903	49,425
	1,604,788	1,500,250
Retirement benefits (Note 19)		
Defined contribution plan	58,386	56,112
Defined benefits plan	724	575
	59,110	56,687
Total	$ 1,663,898	$ 1,556,937
Summary by function		
Operating costs	$ 649,936	$ 595,499
Operating expenses	1,013,962	961,438
	$ 1,663,898	$ 1,556,937

(7) Profit-sharing remuneration for employees and directors

In accordance with the Company's Articles of Incorporation, if the Company makes a profit in a year, it shall pay profit-sharing remuneration for employees of not less than 3% of the pre-tax profit before paying the profit-sharing remuneration for employees. In accordance with the Board of Directors' resolutions dated March 17, 2023 and March 18, 2022, the Company would pay profit-sharing remuneration for employees at 3.01% of its profit for both of the years 2022 and 2021, in the amount of NT$9,600 thousand and NT$8,450 thousand respectively. The profit-sharing remuneration for directors was not estimated for 2022 and 2021.

Any change in the amount after the approval and announcement of the annual consolidated financial statements will be treated as a change in accounting estimate with an adjustment in the following year.

The actual distribution amounts for profit-sharing remunerations for employees and directors for 2021 and 2020 did not differ from the amounts recognized in the consolidated financial statements for 2021 and 2020.

Please refer to the "Market Observation Post System" of the Taiwan Stock Exchange for information on the Company's profit-sharing remuneration for employees resolved by the Board of Directors in 2023 and 2022.

23. Income tax

(1) Major components of income tax expense recognized in profit or loss

	2022	2021
Current income tax		
Generated during the year	$ 59,734	$ 49,833
Income tax on unappropriated earnings	161	-
Adjustments for prior years	(2,072)	3,682
Deferred income tax		
Generated during the year	1,888	3,365
Income tax expense recognized in profit or loss	$ 59,711	$ 56,880

The reconciliation of accounting income to income tax expense was as follows:

	2022	2021
Net profit before tax	$ 304,656	$ 271,857
Income tax expense at statutory rate on net profit before tax	$ 55,327	$ 56,358
Non-deductible expenses for tax purposes	1,896	1,756
Tax-exempt income	(1,021)	(2,499)
Income tax on unappropriated earnings	161	-
Investment tax credits used in the year	(9,428)	(6,199)
Unrecognized deductible temporary differences	7,584	3,783
Unrecognized loss carryforward	7,264	-
Adjustments to prior years' current income tax expense recorded in the year	(2,072)	3,681
Income tax expense recognized in profit or loss	$ 59,711	$ 56,880

(2) Income tax expense recognized in other comprehensive income

	2022	2021
Deferred income tax		
Generated during the year		
- Remeasurement of defined benefit plans	$ 3,543	$ 1,265

(3) Deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities are as follows:

2022

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Deferred income tax assets				
Temporary differences				
Unrealized loss on decline in value of inventories	$ 1,623	($ 1,172)	$ -	$ 451
Defined benefits retirement plans	15,754	(930)	(3,543)	11,281
Others	427	1	-	428
Loss carryforward	1,400	105	-	1,505
	$ 19,204	($ 1,996)	($ 3,543)	$ 13,665
Deferred income tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries and associates	($ 10,578)	$ 162	$ -	($ 10,416)
Others	(660)	(54)	-	(714)
	($ 11,238)	$ 108	$ -	($ 11,130)

2021

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Deferred income tax assets				
Temporary differences				
Unrealized loss on decline in value of inventories	$ 1,625	($ 2)	$ -	$ 1,623
Defined benefits retirement plans	20,558	(3,539)	(1,265)	15,754
Others	314	113	-	427
Loss carryforward	1,400	-	-	1,400
	$ 23,897	($ 3,428)	($ 1,265)	$ 19,204
Deferred income tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries and associates	($ 10,695)	$ 117	$ -	($ 10,578)
Others	(606)	(54)	-	(660)
	($ 11,301)	$ 63	$ -	($ 11,238)

(4) Deductible temporary differences for deferred income tax assets not recognized in the consolidated balance sheets

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 335	$ 335

(5) Status of income tax assessment

The Company's and subsidiaries' income tax returns have been assessed by the tax authorities as shown below:

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

24. Earnings per share

The earnings and weighted-average number of shares of common stock used in the calculation of earnings per share were as follows:

Net profit for the year

	2022	2021
The net profit used in the calculation of basic earnings per share	$ 250,730	$ 215,822
The net profit used in the calculation of diluted earnings per share	$ 250,730	$ 215,822

Number of shares

Unit: Thousands of shares

	2022	2021
The weighted-average number of shares of common stock used in the calculation of basic earnings per share	100,000	100,000
Impact of potential common stock with dilutive effect:		
Profit-sharing remuneration for employees	447	369
The weighted-average number of shares of common stock used in the calculation of diluted earnings per share	100,447	100,369

If the Group may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. The dilutive effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

25. Capital risk management

The Group conducts capital management to ensure that the Group's enterprises can continue to operate while maximizing shareholder returns by optimizing debt and equity balances. The overall strategy of the Consolidated Company has not changed since 2013.

The capital structure of the Group is composed of net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., capital stock, capital surplus, retained earnings, other equity items and non-controlling interests) of the Consolidated Company.

The Group is not subject to other external capital requirements.

The Group's key management reviews the Group's capital structure annually, which includes consideration of the cost of each type of capital and the related risks. The Group will balance its overall capital structure by paying dividends, adding or repaying loans, as recommended by key management.

26. Financial instruments

(1) Fair value information - financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values, and therefore the carrying amounts of the Consolidated Balance Sheets are a reasonable basis for estimating fair values.

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

Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficial certificates	$ 19,956	$ -	$ -	$ 19,956
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
- Domestic listed stocks	$ 24,142	$ -	$ -	$ 24,142
- Domestic unlisted stocks	-	-	1,595	1,595
Total	$ 24,142	$ -	$ 1,595	$ 25,737

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficial certificates	$ 235,009	$ -	$ -	$ 235,009
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
- Domestic listed stocks	$ 20,853	$ -	$ -	$ 20,853
- Domestic unlisted stocks	-	-	1,595	1,595
Total	$ 20,853	$ -	$ 1,595	$ 22,448

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

(3) Type of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 19,956	$ 235,009
Financial assets at amortized cost (Note 1)	2,430,681	2,390,267
Investments in equity instruments designated as at fair value through other comprehensive income	25,737	22,448
Financial liabilities		
Measured at amortized cost (Note 2)	1,989,268	1,833,024

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, investments in debt instruments, notes receivable, accounts receivable, and other receivables.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, notes payable, accounts payable and other payables.

(4) Financial risk management objectives and policies

The Group's major financial instruments include investments in equity and debt instruments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages financial risks associated with the Group's operations through internal risk reporting that analyzes risk exposure based on risk level and breadth. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

A. Market risk

The main financial risks to which the Group is exposed as a result of the Group's operating activities are the risk of changes in foreign currency exchange rates (see a. below) and the risk of changes in interest rates (see b. below).

a. Exchanger rate risk

The Group engages in foreign currency-denominated sales and purchases transactions, which expose the Group to exchange rate fluctuations.

The carrying amounts of monetary assets and monetary liabilities that are not denominated in the functional currency as of the balance sheet date are disclosed in Note 30.

Sensitivity analysis

The Group is mainly affected by the fluctuation of USD exchange rate.

The following describes the sensitivity analysis of the Group when the exchange rate of NTD (functional currency) increases and decreases by 10% against the relevant foreign currencies. 10% is the sensitivity percentage used for the Group's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only foreign currency monetary items in circulation and adjusts their translation at the end of the period by a 10% change in the exchange rate. The 10% appreciation of the NTD against USD will increase net profit before tax by $9,995 thousand and $19,330 thousand in 2022 and 2021, respectively. If NTD depreciates by 10% against each of the relevant foreign currencies, the effect on net profit before tax will be the negative number for the same amount. The effect of the above exchange rate fluctuations mainly arises from foreign currency cash, accounts payable and foreign currency borrowings of the Group that are outstanding at the balance sheet date and not covered by cash flow hedge.

b. Interest rate risk

The entities within the Group borrow funds at both fixed and floating interest rates, which results in interest rate risk. The Group manages interest rate risk by maintaining an appropriate borrowing mix of fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	December 31, 2022	December 31, 2021
With fair value interest rate risk		
- Financial assets	$ 633,596	$ 416,547
- Financial liabilities	45,439	66,082
With cash flow interest rate risk		
- Financial assets	293,368	380,437
- Financial liabilities	156,422	137,726

Sensitivity analysis

The following sensitivity analysis was determined based on the interest rate risk of the non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding in the reporting period. The rate of change used in the Group’s reporting interest rates internally to key management is a 25 basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases/decreases by 25 basis points, with all other variables held constant, the Group's net profit before tax for 2022 and 2021 would increase/decrease by $342 thousand and $607 thousand, respectively.

B. Credit risk

Credit risk refers to the risk of the Group’s financial loss resulting from the counterparties' default on contractual obligations. As of the balance sheet date, the Group's maximum exposure to credit risk of financial loss due to non-performance of counterparties' obligations and financial guarantees provided by the Group mainly arises from the carrying amount of financial assets recognized in the Consolidated Balance Sheet.

Before accepting a new customer, the Group assesses the credit quality of the potential customer and sets the credit limit of the customer through its internal credit and related sales management departments, and the credit limit and rating of the customer are reviewed annually.

C. Liquidity risk

The Group manages and maintains a sufficient portion of cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Group's management monitors the use of banking facilities and ensures compliance with the terms of borrowing contracts.

Bank loans are an important source of liquidity for the Group. As of December 31, 2022 and 2021, the Group had unused financing facilities as described in b. Description of financing facilities below.

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

The analysis of the remaining contractual maturities of non-derivative financial liabilities is prepared based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities based on the earliest possible date on which the Group could be required to make repayment. Accordingly, the Group's bank loans that may be required to be repaid immediately are listed in the table below for the earliest period, without considering the probability that the bank will immediately enforce the right; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

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
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ -	$ 1,807,257	$ -	$ -	$ -
Lease liabilities	836	1,672	6,497	12,714	-
Floating rate instruments	810	84,349	74,291	-	-
Fixed rate instruments	6,541	18,051	-	-	-
	$ 8,187	$ 1,911,329	$ 80,788	$ 12,714	$ -

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	$ 9,005	$ 12,714	$ -

December 31, 2021

	Payment on demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	More than 5 years
Non-derivative financial liabilities					
Non-interest-bearing liabilities	$ -	$ 1,694,890	$ -	$ -	$ -
Lease liabilities	3,882	7,764	34,964	20,826	169
Floating rate instruments	5,264	99,838	33,301	-	-
	$ 9,146	$ 1,802,492	$ 68,265	$ 20,826	$ 169

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	$ 46,610	$ 20,826	$ 169

The amount of floating rate instruments for the above non-derivative financial assets and liabilities will vary depending on the difference between the floating rate and the interest rate estimated at the balance sheet date.

b. Financing facilities

	December 31, 2022	December 31, 2021
Secured bank financing facilities		
- Amount drawn	$ -	$ -
- Amount undrawn	-	40,000
	$ -	$ 40,000
Unsecured bank financing facilities (revisited annually)		
- Amount drawn	$ 610,515	$ 478,101
- Amount undrawn	1,685,614	1,992,802
	$ 2,296,129	$ 2,470,903

27. Related Party Transactions

The transactions, account balances, revenues and expenses between the Company and its subsidiaries (which are related parties of the Company) are eliminated upon consolidation and are not disclosed in this note. In addition to those disclosed in other notes, the transactions between the Group and its related parties were as follows.

(1) Names of related parties and the relationships

Name of related party	Relationship with the Consolidated Company
Furly Investment Co., Ltd.	Investor with material influence
Chuan Gao Investment Co., Ltd.	Investor with material influence
Welida Investment Co., Ltd.	Substantive related party
DBMaker Japan Inc.	Associate
Cloudmaster Co., Ltd.	Joint venture

(2) Operating revenue (including sales, services and rental)

Type of related party	2022	2021
Associate	$ 23,658	$ 32,382
Joint venture	143	782
	$ 23,801	$ 33,164

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

Type of related party	2022	2021
Associate	$ 9,580	$ 2,171
Joint venture	2,669	779
	$ 12,249	$ 2,950

(4) Amounts due from related parties (excluding loans to related parties)

Account on the financial statements	Type of related party	December 31, 2022	December 31, 2021
Accounts receivable	Associate	$ 2,798	$ 9,665
	Joint venture	72	-
		$ 2,870	$ 9,665

The outstanding receivables from related parties were not guaranteed. No allowance for losses was provided for the amounts due from related parties in 2022 and 2021.

(5) Amounts due to related parties (excluding loans from related parties)

Account on the financial statements	Type of related party	December 31, 2022	December 31, 2021
Accounts payable	Associate	$ 2,151	$ -
	Joint venture	1,473	1,021
	Investor with material influence	10	8
		$ 3,634	$ 1,029

The balance of outstanding payables to related parties was not guaranteed.

(6) Acquisition of property, plant and equipment

	Acquisition price	
Type of related party	2022	2021
Associate	$ 7,660	$ 7,104

(7) Lease agreement with the Group as the lessee

Account on the financial statements	Name	December 31, 2022	December 31, 2021
Lease liabilities	Chuan Gao Investment Co., Ltd.	$ 5,758	$ 28,709
	Furly Investment Co., Ltd.	-	15,391
		$ 5,758	$ 44,100

Name	2022	2021
Finance costs		
Chuan Gao Investment Co., Ltd.	$ 237	$ 576
Furly Investment Co., Ltd.	106	335
	$ 343	$ 911

(8) Rental expenses

Account on the financial statements	Name	2022	2021
Operating expenses	Furly Investment Co., Ltd.	$ 1,601	$ 1,346
	Chuan Gao Investment Co., Ltd.	2,709	788
	Substantive related party	72	1983
		$ 4,382	$ 2,206

(9) Rental income

Account on the financial statements	Name	2022	2021
Other income	Cloudmaster Co., Ltd.	$ 1,685	$ 1,457

(10) Salaries for key management

	2022	2021
Short-term employee benefits	$ 305,374	$ 284,878
Retirement benefits	12,268	11,414
	$ 317,642	$ 296,292

Salaries for directors and other key management personnel are determined by the Remuneration Committee based on individual performance and market trends.

28. Assets Pledged as Collateral

The following assets were pledged as collateral for system design contract performance, guarantee facilities and bank loan facilities:

	December 31, 2022	December 31, 2021
Time deposits pledged (recorded as financial assets at amortized cost)	$ 231,060	$ 235,660
Property, plant and equipment - net	-	74,597
	$ 231,060	$ 310,257

29. Significant Contingent Liabilities and Unrecognized Commitments

As of December 31, 2022, the Group's guarantee notes payable for project contracts and letters of guarantee issued by banks amounted to $ 146,113 thousand and $429,593 thousand, respectively.

30. Foreign-currency-denominated Assets and Liabilities that have Significant Influence

The following information is presented in foreign currencies other than the functional currency of each entities of the Group and the exchange rates disclosed are the rates at which the foreign currencies were translated into the functional currency. Information on foreign currency assets and liabilities with significant effect:

December 31, 2022

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary item			
USD	$ 3,012	30.71	$ 92,484
Non-monetary item			
JPY	66,636	0.2324	15,486

	Foreign currency	Exchange rate	Carrying amount
Foreign currency liabilities			
Monetary item			
USD	$ 6,266	30.71	$ 192,435

December 31, 2021

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary item			
USD	$ 565	27.68	$ 15,629
Non-monetary item			
JPY	50,642	0.2405	12,179
Foreign currency liabilities			
Monetary item			
USD	7,548	27.68	208,931

Foreign currency exchange gain and loss (realized and unrealized) with material effect are as follows:

	2022		2021	
Foreign currency	Exchange rate	Net exchange (loss) gain	Exchange rate	Net exchange (loss) gain
USD	29.805(USD: NTD)	$ 1,789	28.009 (USD: NTD)	($ 126)
USD	6.7208(USD: RMB)	(11,877)	6.4512 (USD: RMB)	2,806

31. Separately Disclosed Items

(1) Information on significant transactions and investees

A. Lending of funds to others: None
B. Endorsement and guarantee for others. (Exhibit 1.)
C. Marketable securities held at the end of the period (excluding investment in the equities of subsidiaries, affiliates and joint ventures). (Exhibit 2.)
D. The cumulative purchase or sale of the same security for an amount exceeding NT$300 million or 20% of paid-in capital: None.
E. The acquisition of real estate for an amount exceeding NT$300 million or 20% of paid-in capital: None.
F. The disposal of real estate for an amount exceeding NT$300 million or 20% of paid-in capital: None
G. The purchase or sale with the related party for an amount exceeding NT$100 million or 20% of paid-in capital: None
H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more. None.
I. Engagement in derivative transactions: None.
J. Others: Business relationships and significant inter-company transactions between parent and subsidiary and between subsidiaries. (Exhibit 3.)
K. Information on investees (Exhibit 4.)

(2) Information on investments in Mainland China:

A. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China. (Exhibit E.)

B. The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: None

a. Amount and percentage of purchases and related payables at the end of the period.

b. Amount and percentage of sales and related receivables at the end of the period.

c. Amount of property transaction and amount of the profit or loss so incurred.

d. Balance and purpose of endorsement and guarantee or collateral provided at end of the period.

e. Maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation.

f. Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.

(3) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the ownership. (Exhibit 6)

32. Segment Information

The information provided to the chief business decision maker for allocating resources and measuring segment performance focuses on the type of product or service delivered or provided. The Group 's reportable segments are the operating segments of the Company and the entities controlled by the Company.

(1) Segment revenue and operating results

	Segment revenue		Segment profit or loss	
	2022	2021	2022	2021
Reportable segment				
Business segments of the Company	$ 5,674,679	$ 5,578,076	$ 291,698	$ 283,481
Business segments of the entities controlled by the Company	360,533	354,799	(30,128)	(31,810)
Elimination of inter-segment revenue	(84,688)	(63,280)	2,835	3,155
Total of reportable segments	$ 5,950,524	$ 5,869,595	264,405	254,826
Non-operating income and expense			40,251	17,031
Net profit before tax			$ 304,656	$ 271,857

The above reported revenues were generated from external customers and inter-segment transactions.

(2) Total segment assets and liabilities

Segment assets	December 31, 2022	December 31, 2021
Business segments of the Company	$ 4,025,953	$ 3,820,707
Business segments of the entities controlled by the Company	408,987	413,622
Total	$ 4,434,940	$ 4,234,329

Segment liabilities	December 31, 2022	December 31, 2021
Business segments of the Company	$ 2,097,252	$ 1,958,246
Business segments of the entities controlled by the Company	282,875	301,326
Total	$ 2,380,127	$ 2,259,572

(3) Region information

The Group operates mainly in four regions - Taiwan, China, the United States and Southeast Asia.

Information on the Group's operating revenue from external customers and non-current assets by region is presented below:

	Revenue from external customers		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 5,799,879	$ 5,690,206	$ 394,083	$ 435,139
China	139,888	169,793	15,698	21,801
U.S.A.	7,517	5,493	21,038	19,555
Southeast Asia	3,240	4,103	1,257	1,357
	$ 5,950,524	$ 5,869,595	$ 432,076	$ 477,852

Non-current assets do not include non-current assets held for sale, financial instruments, deferred income tax assets, and net defined benefit assets.

(4) Information on major customers

Revenue from system design, integration and maintenance in 2022 and 2021: $5,950,524 and $5,869,595 thousand, where $892,328 and $952,687 thousand were from the largest customer of the Group.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Endorsement and guarantee for others
2022

Exhibit 1

(In Thousands of New Taiwan Dollars/foreign currency, Unless Stated Otherwise)

No.	Name of the company providing endorsement and guarantee	Party endorsed and guaranteed		Limit on the endorsement and guarantee for a single enterprise	Balance of the maximum endorsement and guarantee for the period	Balance of endorsement and guarantee at the end of the period (Note1)	Actual amount drawn	Amount of endorsement and guarantee by property	Percentage of cumulative endorsement and guarantee to net worth of the most recent financial statements (%)	Limit on the maximum endorsement and guarantee	Endorsement and guarantee by parent company for subsidiary	Endorsement and guarantee by subsidiary for parent company	Endorsement and guarantee for Mainland China
		Name of the company	Relationship										
0	The Company	Syscom Computer (Shenzhen) Co., Ltd.	Sub-subsidiary	20% of the net worth on the Company's financial statements for the most recent period $ 409,969	$ 334,739 (USD 10,900)	$ 334,739 (USD 10,900)	$ 138,195 (USD 4,500)	$ -	16.33	50% of the net worth on the Company's financial statements for the most recent period $1,024,923	Yes	No	Yes
		Xian Linan Computer Co., Ltd.	Sub-subsidiary	Same as above	60,652 (USD 1,975)	60,652 (USD 1,975)	18,426 (USD 600)	-	2.96	Same as above	Yes	No	Yes
		Netmaker Technology Co., Ltd.	Subsidiaries	Same as above	90,000	85,000	36,015	-	4.15	Same as above	Yes	No	No
		Coach Technology Management Inc.	Subsidiaries	Same as above	15,000	15,000	-	-	0.73	Same as above	Yes	No	No

Note 1: The balance of endorsement and guarantee at the end of the period includes $18,426 thousand from Xian Linan Computer Co., Ltd., whose endorsement and guarantee duration has been approved to be extended in advance in accordance with the Company Rules Governing Endorsement and Guarantees.

Note 2: Amounts in foreign currencies were translated into NTD at the exchange rate as of December 31, 2022.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Marketable securities held at the end of the period
December 31, 2022

Exhibit 2

(In Thousands of New Taiwan Dollars /Thousands of Shares (Thousands of Units))

Company held	Type and name of marketable securities	Relationship with the issuer of marketable securities	Account on the financial statements	End of the period				Remark
				Number of shares/units	Carrying amount	Shareholding percentage %	Fair value	
SYSCOM COMPUTER ENGINEERING CO.	Beneficial certificates							
	Yuanta Global Quality Leader Balanced Fund - NTD Class A No-Dividends/Interests	—	Financial assets at fair value through profit or loss - current	1,966	$ 19,505	-	$ 19,505	
	Stocks							
	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	22,650	1.00	22,650	
	Shin Kong Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	166	1,457	-	1,457	
	Dimension Computer Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	2	35	-	35	
Coach Technology Management Inc.	Beneficial certificates							
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss - current	31	451	-	451	

Note 1: Marketable securities referred to here are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9, "Financial Instruments".
Note 2: The above stocks or beneficiary certificates were not pledged as collateral.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Business relationships and significant inter-company transactions between parent and subsidiary and between subsidiaries
2022

Exhibit 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	Accounts receivable	$ 15,075	General trading terms	-
	The Company	Netmaker Technology Co.	1	Prepayment for purchases	11,986	General trading terms	-
	The Company	Netmaker Technology Co.	1	Accounts payable	21,751	General trading terms	-
	The Company	Netmaker Technology Co.	1	Sales revenue	14,313	General trading terms	-
	The Company	Netmaker Technology Co.	1	Maintenance revenue	2,491	General trading terms	-
	The Company	Netmaker Technology Co.	1	Cost of goods sold	22,709	General trading terms	-
	The Company	Netmaker Technology Co.	1	Maintenance costs	8,006	General trading terms	-
	The Company	Netmaker Technology Co.	1	Miscellaneous expenses	4,811	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Accounts payable	4,330	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Rental income	1,479	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Cost of goods sold	20,729	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Maintenance costs	9,685	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Miscellaneous expenses	2,253	General trading terms	

Note: 1.Parent company to subsidiary.
2.Subsidiary to subsidiary.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Information on investees, locations, ..., etc.
2022

Exhibit 4

(In Thousands of New Taiwan Dollars/Thousands of Shares, Unless Stated Otherwise)

Name of the investor company	Name of the investee	Location	Principal business	Original investment amount		Holding at the end of the period			Profit (loss) for the period of the investee (Note)	Investment income (loss) recognized in the period	Remark
				End of the period	End of last year	Number of shares	Shareholding %	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	$ 4,331	($ 368)	($ 359)	Subsidiaries
	Casemaker Inc.	California, U.S.A.	Sales of computer software, hardware and related products.	USD 1,300	USD 1,300	1,300	100.00	98,578	(4,448)	(4,448)	Subsidiaries
	SYSCOM INTERNATIONAL INC.	Cayman Islands	Investments in other businesses	USD 6,050	USD 6,050	6,050	100.00	(71,381)	(39,020)	(39,020)	Subsidiaries
	Netmaker Technology Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	18,763	18,763	2,858	86.60	39,271	(174)	(151)	Subsidiaries
	Wisemaker Technology Co.	Taipei City	Sales of computer software, hardware and related products.	41,697	41,697	2,665	98.72	58,256	2,909	2,871	Subsidiaries
	DBMaker Japan, Inc.	Tokyo, Japan	Development and sales of computer system software and hardware	JPY 53,260	JPY 53,260	5	49.89	15,486	7,294	3,639	Investee accounted for using the equity method
	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 33,014	THB 33,014	3,400	91.40	3,105	(311)	(284)	Subsidiaries
	Cloudmaster Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	65,000	65,000	6,500	50.00	54,032	2,789	1,394	Investee accounted for using the equity method
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	18	(311)	Not applicable	Subsidiary

Note: The profit or loss of investees was expressed in NTD at the average exchange rate of 2022.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Information on investments in Mainland China
2022

Exhibit 5

(In Thousands of New Taiwan Dollars/foreign currency)

Name of the investee in Mainland China	Principal business	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted back or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or losses of the investee for the period	Shareholding percentage of the Company's direct or indirect investment	Investment gain or loss recognized for the period	Carrying amount of the investment at the end of the period	Investment income remitted back as of the end of the period	Remark
					Outward remittance	Recovery							
Syscom Computer(Shenzhen) Co., Ltd.	Computer equipment software development, sales of self-developed technical achievements services, computer system integration and network wiring engineering.	$ 138,195 (USD 4,500)	Note 1	$ 128,061 (USD 4,170)	$ -	$ -	$ 128,061 (USD 4,170)	($ 27,402) ((USD 919)) (Note 2)	98.27%	($ 26,927) ((USD 903)) (Note 2)	($ 73,120) ((USD 2,381)) (Note 2)	$ -	
Xian Linan Computer Co., Ltd.	Development and production of computer equipment and computer software, computer system integration network construction, sales of self-produced products, and provision of after-sales technical services.	70,633 (USD 2,300)	Note 1	46,618 (USD 1,518)	-	-	46,618 (USD 1,518)	(20,648) ((USD 693)) (Note 2)	74.38%	(15,358) ((USD 515)) (Note 2)	(2,746) ((USD 89)) (Note 2)	-	

Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Limit on investments in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (Note 3)
$ 174,678 (USD 5,688)	$ 174,678 (USD 5,688) (Note 1(2))	$ 1,220,907
	13,396 (USD 436) (Note 1(1))	

Note 1: Investment methods are classified into the following two categories:
(I) The investment was made through the Company's 100%-owned subsidiary, Casemaker Inc.'s own capital and capital increase from capital surplus of the investee.
(II) Indirect investment through the Company's 100%-owned subsidiary SYSCOM INTERNATIONAL INC.

Note 2: Recognized on the basis of the financial statements for the year ended December 31, 2022, as reviewed by CPAs.

Note 3: The calculation of the limit in accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" of the Investment Commission is as follows:
60% of the net worth: $2,049,845×60%＝$1,229,907

Note 4: Amounts in foreign currencies were translated into NTD at the exchange rates as of December 31, 2022, except for profit or loss, which was translated at the average exchange rate for 2022.

SYSCOM COMPUTER ENGINEERING CO.
Information on major shareholders
December 31, 2022

Exhibit 6

Name of major shareholder	Shareholding	
	Number of shares held	Shareholding percentage
Jui-Fu Liu	18,346,787	18.34%
Kuan-Po Ding	9,890,000	9.89%
Furly Investment Co., Ltd.	8,529,801	8.52%
Su-Chen Yang	8,524,001	8.52%
Chi-Shan Liu	7,598,911	7.59%

Note: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form The number of shares recorded in the Company's parent company only financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.