Stock Code: 2453

SYSCOM COMPUTER ENGINEERING CO.
AND SUBSIDIARIES

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 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, 2023 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 12, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syscom Computer Engineering Company

Opinion

We have audited the accompanying consolidated financial statements of Syscom Computer Engineering Company (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, 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, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance 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) endorsed and issued into effect by the Financial Supervisory Commission 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 consolidated financial statements for the year ended December 31, 2023. 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 for the Group's consolidated financial statements for the year ended December 31, 2023 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 were audited by other auditors. Therefore, in our opinion on the consolidated financial statements as mentioned above, the amounts shown in such subsidiaries' financial statements were recognized based on the audit reports prepared by other auditors. The total assets of the above subsidiaries as of December 31, 2023 and 2022 were NT$249,503 thousands and NT$282,734 thousands, respectively, which represented 5% and 6% of the total consolidated assets; the net operating revenue for the years ended December 31, 2023 and 2022 was NT$117,228 thousands and NT$152,396 thousands, which represented 2% and 3% of the net consolidated operating revenue.

We have also audited the parent company only financial statements of Syscom Computer Engineering Company as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with the other matter section

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to 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.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's 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.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 group 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 consolidated financial statements for the year ended December 31, 2023, 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 Li-Wen Kuo and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

<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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 884,494	18	$ 600,941	13
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	10,457	-	19,956	-
1136	Financial assets at amortized cost - current (Notes 4, 9 and 28)	215,604	5	202,721	5
1140	Contract assets - current (Notes 4 and 21)	483,322	10	486,381	11
1150	Notes receivable (Note 4)	12,062	-	2,598	-
1172	Accounts receivable (Notes 4, 10, and 27)	1,425,698	29	1,489,172	34
1200	Other receivables (Note 4)	6,316	-	6,054	-
1220	Current tax assets	286	-	265	-
130X	Inventories (Notes 4 and 11)	473,593	10	453,997	10
1410	Prepayments	414,915	9	383,124	9
1479	Other current assets	89,362	2	119,540	3
11XX	Total current assets	4,016,109	83	3,764,749	85
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	33,026	1	25,737	1
1535	Financial assets at amortized cost - non-current (Notes 4, 9 and 28)	197,876	4	129,195	3
1550	Investments accounted for using the equity method (Notes 4 and 13)	67,858	1	69,518	2
1600	Property, plant and equipment (Notes 4, 14 and 27)	362,728	8	357,328	8
1755	Right-of-use assets (Notes 4 ,15 and 27)	94,888	2	20,655	-
1821	Intangible assets (Notes 4 and 16)	2,312	-	2,410	-
1840	Deferred tax assets (Notes 4 and 23)	12,486	-	13,665	-
1990	Other non-current assets (Note 4)	58,987	1	51,683	1
15XX	Total non-current assets	830,161	17	670,191	15
1XXX	TOTAL	$ 4,846,270	100	$ 4,434,940	100
Code	**LIABILITIES AND EQUITY**				
	CURRENT LIABILITIES				
2100	Short-term borrowings (Notes 17 and 28)	$ 190,855	4	$ 180,922	4
2130	Contract liabilities - current (Notes 4 and 21)	465,330	10	238,583	6
2150	Notes payable	131	-	16,026	-
2170	Accounts payable (Note 27)	1,453,533	30	1,400,023	32
2200	Other payables (Note 18)	417,993	9	392,297	9
2230	Current tax liabilities	20,234	-	33,097	1
2280	Lease liabilities - current (Notes 4, 15, and 27)	46,175	1	8,513	-
2399	Other current liabilities	18,065	-	14,796	-
21XX	Total current liabilities	2,612,316	54	2,284,257	52
	NON-CURRENT LIABILITIES				
2572	Deferred tax liabilities (Notes 4 and 23)	10,429	-	11,130	-
2580	Lease liabilities - non-current (Notes 4, 15, and 27)	49,503	1	12,426	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 19)	41,947	1	54,658	1
2645	Guarantee deposits received	14,771	-	17,656	1
25XX	Total non-current liabilities	116,650	2	95,870	2
2XXX	Total liabilities	2,278,966	56	2,380,127	54
	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 20)				
3110	Share capital - ordinary shares	1,000,000	21	1,000,000	22
3200	Capital surplus	1,797	-	1,547	-
	Retained earnings				
3310	Legal reserve	330,483	7	303,977	7
3320	Special reserve	17,619	-	17,619	1
3350	Unappropriated earnings	752,580	16	722,955	16
3300	Total retained earnings	1,100,682	23	1,044,511	24
3400	Other equity	11,728	-	3,747	-
31XX	Total equity of the owners of the Company	2,114,207	44	2,049,845	46
36XX	Non-controlling interests (Note 20)	3,097	-	4,968	-
3XXX	Total equity	2,117,304	44	2,054,813	46
	TOTAL	$ 4,846,270	100	$ 4,434,940	100

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31,2023 AND 2022

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

		2023		2022	
Code		Amount	%	Amount	%
	OPERATING REVENUE (Notes 4, 5, 21, and 27)				
4100	Sales	$ 4,908,493	77	$ 4,583,448	77
4600	Maintenance revenue	1,457,539	23	1,349,167	23
4300	Rental revenue	17,788	-	17,909	-
4000	Total operating revenue	6,383,820	100	5,950,524	100
	OPERATING COSTS (Notes 4, 11, 19, 22, and 27)				
5110	Cost of goods sold	3,679,377	58	3,447,531	58
5600	Maintenance costs	1,029,322	16	969,922	17
5300	Rental costs	14,243	-	14,571	-
5000	Total operating costs	4,722,942	74	4,432,024	75
5900	GROSS PROFIT	1,660,878	26	1,518,500	25
	OPERATING EXPENSES (Notes 10, 19, 22, and 27)				
6100	Selling and marketing expenses	1,126,074	18	1,024,057	17
6300	Research and development expenses	242,585	4	230,033	4
6450	Expected credit loss recognized on trade receivables	6,760	-	5	-
6000	Total operating expenses	1,375,419	22	1,254,095	21
6900	PROFIT FROM OPERATIONS	285,459	4	264,405	4
	NON-OPERATING INCOME AND EXPENSES (Note 4)				
7100	Interest income (Note 22)	10,435	-	4,043	-
7010	Other income (Notes 22 and 27)	53,923	1	62,094	1
7020	Other gains and losses (Note 22)	(2,707)	-	(23,093)	-
7050	Finance costs (Notes 22 and 27)	(17,080)	-	(7,826)	-
7060	Share of profit or loss of associates and joint ventures (Note 13)	(523)	-	5,033	-
7000	Total non-operating income and expenses	44,048	1	40,251	1
7900	PROFIT BEFORE INCOME TAX	329,507	5	304,656	5
7950	INCOME TAX EXPENSE (Notes 4 and 23)	52,869	1	59,711	1
8200	NET PROFIT	276,638	4	244,945	4

(Continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	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	($ 2,700)	-	$ 17,915	1
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	7,289	-	910	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	618	-	(3,543)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	923	-	9,962	-
8370	Share of the other comprehensive income of associates and joint ventures accounted for using the equity method	(169)	-	(98)	-
8300	Total other comprehensive income, net of income tax	5,961	-	25,146	1
8500	TOTAL COMPREHENSIVE INCOME	$ 282,599	4	$ 270,091	5
	NET INCOME ATTRIBUTABLE TO:				
8610	Owners of the Company	$ 278,293	4	$ 250,730	4
8620	Non-controlling interests	(1,655)	-	(5,785)	-
8600		$ 276,638	4	$ 244,945	4
	TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
8710	Owners of the Company	$ 284,112	4	$ 275,729	5
8720	Non-controlling interests	(1,513)	-	(5,638)	-
8700		$ 282,599	4	$ 270,091	5
	EARNINGS PER SHARE (Note 24)				
9710	Basic	$ 2.78		$ 2.51	
9810	Diluted	$ 2.78		$ 2.50	

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

(Concluded)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31,2023 AND 2022

(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, 2022	$ 1,000,000	$ 1,547	$ 281,889	$ 17,619	$ 669,982	($ 20,350)	$ 13,429	$ 1,964,116	$ 10,641	$ 1,974,757
	Appropriation of the 2021 earnings										
B1	Legal reserve	-	-	22,088	-	(22,088)	-	-	-	-	-
B5	Cash dividends - NT$1.9 per share	-	-	-	-	(190,000)	-	-	(190,000)	-	(190,000)
D1	Net profit for the 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
	Appropriation of the 2022 earnings										
B1	Legal reserve	-	-	26,506	-	(26,506)	-	-	-	-	-
B5	Cash dividends - NT$2.2 per share	-	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	278,293	-	-	278,293	(1,655)	276,638
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(2,162)	692	7,289	5,819	142	5,961
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	276,131	692	7,289	284,112	(1,513)	282,599
C3	Unclaimed dividends	-	522	-	-	-	-	-	522	-	522
M5	Actual acquisition of interests in subsidiaries	-	(272)	-	-	-	-	-	(272)	(330)	(602)
O1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(28)	(28)
Z1	BALANCE AT DECEMBER 31, 2023	$ 1,000,000	$ 1,797	$ 330,483	$ 17,619	$ 752,580	($ 9,900)	$ 21,628	$ 2,114,207	$ 3,097	$ 2,117,304

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	$ 329,507	$ 304,656
A20010	Adjustments for:		
A20100	Depreciation expenses	110,625	111,652
A20200	Amortization expenses	677	633
A20300	Expected credit loss recognized on trade receivables	6,760	5
A20400	Net gain on financial assets at fair value through profit or loss	(2,309)	(432)
A20900	Finance costs	17,080	7,826
A21200	Interest income	(10,435)	(4,043)
A21300	Dividend income	(586)	(465)
A22300	Share of profit or loss of associates and joint ventures accounted for using the equity method	523	(5,033)
A22500	Gain on disposal of property, plant and equipment	(141)	(382)
A23700	Write-downs of inventories	165	167
A24100	Net loss on foreign currency exchange	3,143	16,360
A29900	Lease modification gain	(164)	(323)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	3,059	(127,223)
A31130	Notes receivable	(9,464)	442
A31150	Accounts receivable	55,553	91,248
A31180	Other receivables	(281)	3,747
A31200	Inventories	(27,175)	(164,503)
A31230	Prepayments	(31,873)	(87,870)
A31240	Other current assets	1,768	(1,914)
A32125	Contract liabilities	226,747	30,343
A32130	Notes payable	(15,895)	15,958
A32150	Accounts payable	53,302	74,303
A32180	Other payables	25,674	14,338
A32230	Other current liabilities	3,269	(1,702)
A32240	Net defined benefits liabilities	(15,411)	(4,922)
A33000	Cash generated from operations	724,118	272,866
A33100	Interest received	10,436	4,047
A33200	Dividends received	586	465

(Continued)

Code		2023	2022
A33300	Interest paid	($ 16,872)	($ 7,145)
A33500	Income tax paid	(64,661)	(58,209)
AAAA	Net cash generated from operating activities	653,607	212,024
	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	(81,564)	694
B00100	Purchase of financial assets at fair value through profit or loss	(14,500)	(727,950)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	26,308	943,435
B02700	Payments for property, plant and equipment	(59,329)	(48,452)
B02800	Proceeds from disposal of property, plant and equipment	331	429
B03800	Decrease(Increase) in refundable deposits	21,106	(51,298)
B04500	Payments for intangible assets	(588)	(265)
BBBB	Net cash (used in) generated from investing activities	(108,236)	114,214
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Proceeds from short-term borrowings	10,478	28,380
C03000	Guarantee deposits received	(2,885)	3,926
C04020	Repayment of the principal portion of lease liabilities	(48,745)	(45,908)
C04500	Dividends paid	(220,000)	(190,000)
C05400	Acquisition of subsidiaries	(602)	-
C05800	Cash dividends paid to non-controlling interests	(24)	(35)
C09900	Unclaimed dividends	522	-
CCCC	Net cash used in financing activities	(261,256)	(203,637)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(562)	10,240
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	283,553	132,841
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	600,941	468,100
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 884,494	$ 600,941

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

(Concluded)

1. General

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

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

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 12, 2024.

3. Application of New and Revised Standards and Interpretations

(1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

Amendments to IAS 1 "Disclosure of Accounting Policies"

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

A. The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
B. The Group chose the accounting policy from options permitted by the standards;
C. The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;
D. The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group discloses those judgments or assumptions; or
E. The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

(2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024.

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New/Amended/Revised 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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

(2) Basis of Preparation

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

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

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

(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 Tables 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined and related exchange differences are recognized in profit or loss. Conversely, when the fair value changes were recognized in other comprehensive income, related exchange difference shall be recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including those subsidiaries, associates and joint ventures in other countries or currencies used different with the company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and attributed to stockholders of the parent and noncontrolling 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. The cost of the prepayments for contracts was evaluated base on each contract. 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 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.

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 if the investee had 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 interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

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 initially measured at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The 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.

On derecognition of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset 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 are expected to benefit from the synergies of the business 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 shall be 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 to the other assets of the unit pro rata 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 that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss

B. Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(11) Impairment of property, plant and equipment, right-of-use assets ,intangible assets (excluding 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. The Group 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 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 on 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 when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance 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

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. 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, debt instruments at amortized cost, notes receivable, accounts receivable, lease receivables, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using 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 the gross carrying amount of such a financial asset.

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

(c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVOCI. Designation at FVOCI 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 are recognized in profit or loss when the Group'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 recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (ECL) for accounts receivable, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represent 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 represent 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.

The Group recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition 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 assets transferred or liabilities assumed, is recognized in profit or loss.

(13) Revenue recognition

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

A. Revenue from sales

Contract revenue

Contract revenue comes from software and hardware integration services.

As the Group provides software and hardware integration services, customers simultaneously receive and consume the benefits provided by the Group's performance. The effort of technical personnel and the completion of the equipment are required to perform software and hardware integration services. The Group measures the stage of completion based on the proportion of contract costs incurred on the work performed to date relative to the estimated total costs. Customers paid in installments according to contract. Contract assets are recognized over the period in which the services are performed and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference.

When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of computer software, hardware and peripherals. The Group recognizes revenue and accounts receivable when performance obligations are satisfied. The performance obligations are satisfied when customers obtain control and right of use of the promised goods and bear inventory risks.

B. Revenue from the rendering of services

Revenue from the rendering of services comes from follow-up maintenance services of software and hardware during the contract period. The Group recognizes 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 finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

B. The Group as lessee.

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. 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 consolidated 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 consolidated balance sheets.

(15) Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(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 net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. 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

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on 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 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, research and development expenditures and personnel training expenditures 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 and associates and interests in joint arrangements, 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 they 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 liabilities are settled or the assets are 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 liabilities and assets reflects the tax consequences that would follow from the manner in which the Group 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profit abilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical Accounting Judgments

Timing of recognition of revenue

For every contract, the Group determines whether its performance obligation is satisfied over time or at a point in time based on the conditions in the contract and applicable regulation.

The Group generates revenue through rendering of software and hardware integration services according to contract. The effort of technical personnel and the completion of the equipment are required to perform software and hardware integration services. The Group measures the stage of completion based on the proportion of contract costs incurred on the work performed to date relative to the estimated total contract costs. Customers paid in installments according to contract. Contract assets are recognized over the period in which the services are performed. Contract revenue is recognized by reference to the stage of completion of each contract. The Group estimated total contract cost upon signing the contract. If the estimated cost changes, the Group amends the percentage of completion and the related contract revenue.

6. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 701	$ 707
Checking accounts and demand deposits	504,127	297,539
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	75,627	71,704
Commercial papers	304,039	230,991
	$ 884,494	$ 600,941

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

	December 31, 2023	December 31, 2022
Bank demand deposits	0.01%~0.60%	0.01%~0.46%
Time deposits with original maturities of less than 3 months		
Time deposits	0.80%~4.70%	0.125%~3.69%
Commercial papers	0.93%~0.95%	0.66%~0.80%

7. Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
- Fund beneficial certificates	$ 10,457	$ 19,956

8. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Investments in equity instruments - non-current		
Domestic investments		
Listed shares	$ 31,431	$ 24,142
Unlisted shares	1,595	1,595
	$ 33,026	$ 25,737

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

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

9. Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Pledged time deposits	$ 326,433	$ 231,060
Time deposits with original maturities of more than 3 months	87,047	100,856
	$ 413,480	$ 331,916
Current	$ 215,604	$ 202,721
Non-current	197,876	129,195
Total	$ 413,480	$ 331,916

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.75%-1.54% and 0.51%-1.40% per annum as of December 31, 2023 and 2022, respectively.

Refer to Note 28 for information relating to financial assets at amortized cost pledged as security.

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

10. Accounts receivable

	December 31, 2023	December 31, 2022
At amortized cost		
Accounts receivable	$ 1,433,941	$ 1,490,655
Less: Allowance for impairment loss	(8,243)	(1,483)
	$ 1,425,698	$ 1,489,172

The average credit period of sales of goods was 60 to 120 days. No interest was charged on accounts receivable.

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

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

The Group writes off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2023

	Less than 60 Days	61 to 90 Days	91 to120 Days	Over 121 Days	Total
Gross carrying amount	$ 1,218,276	$ 64,330	$ 9,306	$ 142,029	$ 1,433,941
Loss allowance (Lifetime ECL)	(85)	(408)	(1,506)	(6,244)	(8,243)
Amortized cost	$ 1,218,191	$ 63,922	$ 7,800	$ 135,785	$ 1,425,698

December 31, 2022

	Less than 60 Days	61 to 90 Days	91 to120 Days	Over 121 Days	Total
Gross carrying amount	$ 1,231,408	$ 157,786	$ 22,655	$ 78,806	$ 1,490,655
Loss allowance (Lifetime ECL)	-	-	-	(1,483)	(1,483)
Amortized cost	$ 1,231,408	$ 157,786	$ 22,655	$ 77,323	$ 1,489,172

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

	2023	2022
Balance at January 1	$ 1,483	$ 1,460
Impairment loss provided for the year	6,760	5
Foreign exchange gains and losses	-	18
Balance at December 31	$ 8,243	$ 1,483

11. Inventories

	December 31, 2023	December 31, 2022
Commodities	$ 205,958	$ 220,735
Prepayments for contracts	261,488	226,770
Inventories in transit	5,397	5,862
Maintenance materials	750	630
Total	$ 473,593	$ 453,997

The commodities mainly consisted of computer hardware and software.

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

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $3,679,377 thousand and $3,447,531 thousand, respectively. The cost of goods sold included inventory write-downs of $165 thousand and $167 thousand, respectively.

12. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

he consolidated entities were as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31, 2023	Proportion of Ownership (%) December 31, 2022	Description
The Company	Casemaker Inc.	Sales of computer software, hardware and related products.	100.00%	100.00%	A
	SYSCOM INTERNATIONAL INC.(SYSCOM)	Investments in other businesses	100.00%	100.00%	A

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

A. The amounts presented in the consolidated financial statements, except for SYSCOM, Shenzhen and Xian Linan, which were audited by CPA, are recognized based on the financial statements of each subsidiary audited by other auditors for the same period.

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

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

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

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

13. Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Investments in associates	$ 12,432	$ 15,486
Investments in joint ventures	55,426	54,032
	$ 67,858	$ 69,518

(1) Investments in associates

	December 31, 2023	December 31, 2022
Associates that is not individually materiality		
Unlisted companies		
DBMaker Japan Inc.	$ 12,432	$ 15,486

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

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

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	2023	2022
The Group's share of:		
Net profit for the year	($ 2,087)	$ 3,639
Other comprehensive income	(967)	(332)
Total comprehensive income	$ 3,054	$ 3,307

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were calculated based on the financial statements which have not been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of associates which have not been audited.

(2) Investments in joint ventures

	December 31, 2023	December 31, 2022
Joint ventures of no materiality individually		
Cloudmaster Co., Ltd.	$ 55,426	$ 54,032

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

Name of the company	December 31, 2023	December 31, 2022
Cloudmaster Co., Ltd.	50.00%	50.00%

The summarized financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

	2023	2022
The Group's share of:		
Net profit for the year	$ 1,564	$ 1,394
Other comprehensive income	(170)	(97)
Total comprehensive income	$ 1,394	$ 1,297

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

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the joint venture's financial statements audited by auditors for the same years.

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 Table 4 "Information on Investees".

14. Property, plant and equipment

	December 31, 2023	December 31, 2022
Assets used by the Group	$ 343,833	$ 333,516
Assets leased under operating leases	18,895	23,812
	$ 362,728	$ 357,328

(1) Assets used by the Group

	Land	Buildings	Maintenance equipment	Computer equipment	Leasehold improvements	Others	Total
Cost							
Balance at January 1, 2023	$ 122,714	$ 100,521	$ 91,554	$ 274,448	$ 107,303	$ 20,451	$ 716,991
Addition	-	-	18,548	31,718	6,805	2,258	59,329
Disposal	-	-	(9,045)	(30,246)	-	(1,308)	(40,599)
Reclassification	-	-	6,197	618	-	-	6,815
Net exchange difference	(2)	(4)	-	(254)	(59)	(27)	(346)
Balance at December 31, 2023	$ 122,712	$ 100,517	$ 107,254	$ 276,284	$ 114,049	$ 21,374	$ 742,190
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 53.717	$ 55,913	$ 161,956	$ 100,453	$ 11,436	$ 383,475
Disposal	-	-	(9,045)	(30,217)	-	(1,147)	(40,409)
Depreciation expenses	-	2,028	14,430	34,271	3,058	2,378	56,165
Reclassification	-	-	(367)	(184)	-	-	(551)
Net exchange difference	-	(13)	-	(227)	(58)	(25)	(323)
Balance at December 31, 2023	$ -	$ 55,732	$ 60,931	$ 165,599	$ 103,453	$ 12,642	$ 398,357
Net at December 31, 2023	$ 122,712	$ 44,785	$ 46,323	$ 110,685	$ 10,596	$ 8,732	$ 343,833
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

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

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

As of December 31, 2023 and 2022, the property, plant and equipment were not pledged as collateral.

(2) Assets leased under operating leases

	Machinery equipment
Cost	
Balance at January 1, 2023	$ 30,604
Disposals	(507)
Reclassification	48
Balance at December 31, 2023	$ 30,145
Accumulated depreciation and impairment	
Balance at January 1, 2023	$ 6,792
Disposals	(507)
Depreciation expenses	4,965
Balance at December 31, 2023	$ 11,250
Balance on December 31, 2023, net	$ 18,895
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
Balance on December 31, 2022, net	$ 23,812

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

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

	December 31, 2023	December 31, 2022
Year 1	$ 17,029	$ 17,323
Year 2	16,787	16,831
Year 3	12	16,740
	$ 33,828	$ 50,894

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over 1 to 6 years estimated useful lives.

15. Lease agreements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Buildings	$ 94,888	$ 20,655

	2023	2022
Addition to right-of-use assets	$ 130,129	$ 875
Depreciation charge for right-of-use assets		
Buildings	$ 49,495	$ 44,091

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$ 46,175	$ 8,513
Non-current	$ 49,503	$ 12,426

The range of discount rate for lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Buildings	0.75%~7.28%	0.75%~2.61%

(3) Material leasing activities and terms

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

(4) Other lease information

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

	2023	2022
Expenses relating to short-term leases	$ 7,784	$ 5,584
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 570	$ 229
Total cash outflow from leases	($ 60,230)	($ 52,473)

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

16. Intangible assets

2023

	Computer software costs	Goodwill	Total
Balance at January 1, 2023	$ 1,817	$ 593	$ 2,410
Additions	588	-	588
Amortization expenses	(677)	-	(677)
Net exchange difference	(9)	-	(9)
Carrying amounts at December 31, 2023	$ 1,719	$ 593	$ 2,312

2022

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

Computer software is being depreciated on a straight-line basis and will be amortized over 1 to 10 years.

17. Borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings		
- Line of credit borrowings	$ 190,855	$ 180,922

The range of interest rates on bank revolving loans was 2.26%- 8.31% and 2.08%-7.08% per annum as of December 31, 2023 and 2022, respectively.

18. Other payables

	December 31, 2023	December 31, 2022
Payables for salaries or bonus	$ 298,098	$ 288,394
Payables for value-added tax	43,128	26,275
Payables for insurance	19,569	18,507
Payables for pension	16,183	14,858
Payable for compensation of employees	10,300	9,600
Payables for annual leave	1,529	2,414
Others	29,186	32,249
	$ 417,993	$ 392,297

19. Retirement benefit plans

(1) Defined contribution plans

The Company, Coach Technology Management Inc., Wisemaker Technology Co., and Netmaker Technology Co., Ltd. of the Group adopted a pension plan under the Labor Pension

Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plans

The defined benefit plan adopted by the Company, Coach Technology Management Inc., Wisemaker Technology Co., and Netmaker Technology Co., Ltd. of the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 213,160	$ 210,595
Fair value of plan assets	(171,213)	(155,937)
Net defined benefit liabilities	$ 41,947	$ 54,658

Movements in net defined benefit liabilities (assets) were as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance at January 1, 2022	$ 228,161	($ 150,666)	$ 77,495
Current service costs	228	-	228
Net interest expense (income)	1,434	(938)	496
Recognized in profit or loss	1,662	(938)	724
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,582)	(11,582)
Actuarial gains - changes in financial assumptions	(8,903)	-	(8,903)
Actuarial losses - experience adjustments	2,570	-	2,570
Recognized in other comprehensive income	(6,333)	(11,582)	(17,915)
Contributions from the employer	-	(5,646)	(5,646)
Benefits paid	(12,895)	12,895	-
Balance at December 31, 2022	210,595	(155,937)	54,658
Current service cost	145	-	145
Interest expense (income)	2,536	(1,870)	666
Recognized in profit or loss	2,681	(1,870)	811

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	($ 1,588)	($ 1,588)
Actuarial losses - changes in financial assumptions	1,330	-	1,330
Actuarial losses - experience adjustments	2,958	-	2,958
Recognized in other comprehensive income	4,288	(1,588)	2,700
Contributions from the employer	-	(16,222)	(16,222)
Benefits paid	(4,404)	4,404	-
Balance at December 31, 2022	$ 213,160	($ 171,213)	$ 41,947

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2023	2022
Operating costs	$ 154	$ 194
Operating expenses	657	530
	$ 811	$ 724

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

A. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

B. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.15%~1.20%	1.25%~1.40%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 3,257)	($ 3,537)
0.25% decrease	$ 3,342	$ 3,633
Expected rate of salary increase		
0.25% increase	$ 3,305	$ 3,597
0.25% decrease	($ 3,239)	($ 3,519)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2023	December 31, 2022
Expected contributions to the plans for the next year	$ 2,521	$ 2,565
Average duration of the defined benefit obligation	6.14Years~9.58Years	6.71Years~11.80Years

20. Equity

(1) Share capital - ordinary shares

	December 31, 2023	December 31, 2022
Number of authorized shares (in thousands)	157,000	157,000
Amount of authorized shares	$ 1,570,000	$ 1,570,000
Number of issued and fully paid shares (in thousands)	100,000	100,000
Amount of issued and fully paid shares	$ 1,000,000	$ 1,000,000

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

(2) Capital surplus

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

(3) Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 13, 2023 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the legal reserve has reached the Company's total paid-up capital. The remaining profit shall be set aside or reverse a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. However, other additional distribution should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

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

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

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

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

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

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

The appropriation of earnings for 2023 had been proposed by the Company's board of directors on March 12, 2024. The appropriation and dividends per share were as follows:

	2023
Legal reserve	$ 27,613
Cash dividends	$ 240,000
Cash dividends per share (NT$)	$ 2.4

The above appropriations for cash dividends were resolved by the Company's board of directors, other additional distribution should be resolved in the shareholders' meeting to be held on June 12, 2024.

(4) Special reserve

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

(5) Other equity items

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

	2023	2022
Balance at January 1	($ 10,592)	($ 20,350)
Exchange differences on translating the financial statements of foreign operations	861	9,856
Share from associates and joint venture accounted for using the equity method	(169)	(98)
Balance at December 31	($ 9,900)	($ 10,592)

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

	2023	2022
Balance at January 1	$ 14,339	$ 13,429
Unrealized (loss) gain - equity instruments	7,289	910
Balance at December 31	$ 21,628	$ 14,339

(6) Non-controlling interests

	2023	2022
Balance at January 1	$ 4,968	$ 10,641
Share of loss for the year	(1,655)	(5,785)
Other comprehensive income (loss) during the year		
Exchange differences on translation of financial statements of foreign operations	62	106
Remeasurement on defined benefit plans	80	41
Effective acquisition of partial interest in a subsidiary by the parent company (Note 12)	(330)	-
Cash dividends from subsidiaries	(28)	(35)
Balance at December 31	$ 3,097	$ 4,968

21. Revenue

	2023	2022
Revenue from contracts with customers		
Contract revenue and revenue from sale of goods	$ 4,908,493	$ 4,583,448
Revenue from rendering of services	1,457,539	1,349,167
Rental income		
Rental income from equipment	17,788	17,909
	$ 6,383,820	$ 5,950,524

(1) Contract information

Revenue from contracts with customers

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

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

Revenue from rendering of services

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

(2) Contract balances

	December 31, 2023	December 31, 2022
Accounts receivable (Note 10)	$ 1,425,698	$ 1,489,172
Contract assets		
System integration services	$ 483,322	$ 486,381
Less: Allowance for impairment loss	-	-
Contract assets - current	$ 483,322	$ 486,381
Contract liabilities		
System integration services	$ 465,330	$ 238,583

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

(3) Revenue from contracts with customers

2023

	Reportable segment		
	Business segments of the Company	Business segments of the entities controlled by the Company	Total
Type of products or services			
Contract revenue and revenue from sale of goods	$ 4,664,234	$ 244,259	$ 4,908,493
Revenue from rendering of services	1,429,215	28,324	1,457,539
Rental income	17,730	58	17,788
	$ 6,111,179	$ 272,641	$ 6,383,820

2022

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

22. Net profit

(1) Interest income

	2023	2022
Bank deposits	$ 10,435	$ 4,043

(2) Other income

	2023	2022
Government grants	$ 31,192	$ 39,858
Marketing incentive income	13,319	10,563
Rental income	5,973	5,716
Others	3,439	5,957
	$ 53,923	$ 62,094

(3) Other gains and losses

	2023	2022
Net gain on fair value changes of financial assets mandatorily classified as at FVTPL	$ 2,309	$ 432
Gain on disposal of property, plant and equipment	141	382
Net foreign exchange loss	(1,805)	(10,297)
Others	(3,352)	(13,610)
	($ 2,707)	($ 23,093)

(4) Finance costs

	2023	2022
Interest on bank loans	$ 14,419	$ 6,974
Interest on lease liabilities	2,658	850
Others	3	2
	$ 17,080	$ 7,826

(5) Depreciation and amortization

	2023	2022
An analysis of depreciation by function		
Operating costs	$ 21,907	$ 21,088
Operating expenses	88,718	90,564
	$ 110,625	$ 111,652
An analysis of amortization by function		
Operating expenses	$ 677	$ 633

(6) Employee benefits expenses

	2023	2022
Short-term employee benefits		
Salary	$ 1,485,919	$ 1,420,176
Labor and health insurance	143,782	135,709
Others	50,278	48,903
	1,679,979	1,604,788
Post-employment benefits (Note 19)		
Defined contribution plans	62,215	58,386
Defined benefit plans	811	724
	63,026	59,110
Total employee benefits expense	$ 1,743,005	$ 1,663,898
An analysis of employee benefits expense by function		
Operating costs	$ 638,693	$ 649,936
Operating expenses	1,104,312	1,013,962
	$ 1,743,005	$ 1,663,898

(7) Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 3%. The employees' compensation in the amounts of $10,300 thousand and $9,600 thousand, representing 3.02% and 3.01% of net profit before tax for the years ended December 31, 2023 and 2022, respectively, were approved by the Company's board of directors on March 12, 2024 and March 17, 2023, respectively. The Company did not accrue remuneration of directors for the years ended December 31, 2023 and 2022.

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

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

Information on the employees' compensation resolved by the Company's board of directors in 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. Income tax

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

	2023	2022
Current tax		
In respect of the current year	$ 53,400	$ 59,734
Income tax on unappropriated earnings	5	161
Adjustments for prior years	(1,632)	(2,072)
Deferred tax		
In respect of the current year	1,096	1,888
Income tax expense recognized in profit or loss	$ 52,869	$ 59,711

A reconciliation of accounting profit and income tax expense is as follows:

	2023	2022
Profit before income tax	$ 329,507	$ 304,656
Income tax expense calculated at the statutory rate	$ 65,758	$ 55,327
Nondeductible expenses in determining taxable income	4,300	1,896
Tax-exempt income	(1,210)	(1,021)
Income tax on unappropriated earnings	5	161
Investment tax credit	(18,476)	(9,428)
Unrecognized deductible temporary differences	3,747	7,584
Unrecognized deductible temporary differences	377	7,264
Adjustments for prior years' tax	(1,632)	(2,072)
Income tax expense recognized in profit or loss	$ 52,869	$ 59,711

(2) Income tax recognized in other comprehensive income

	2023	2022
Deferred tax		
In respect of the current year		
- Remeasurement of defined benefit plans	($ 618)	$ 3,543

(3) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2023

Deferred income tax assets	Opening Balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing Balance
Temporary differences				
Unrealized write-downs of inventories	$ 451	$ 33	$ -	$ 484
Defined benefit obligations	11,281	(2,981)	618	8,918
Others	428	1,478	-	1,906
Loss carryforward	1,505	(327)	-	1,178
	$ 13,665	($ 1,797)	$ 618	$ 12,486

Deferred income tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries and associates	($ 10,416)	$ 802	$ -	($ 9,614)
Others	(714)	(101)	-	(815)
	($ 11,130)	$ 701	$ -	($ 10,429)

For the year ended December 31, 2022

	Opening Balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing Balance
Deferred income tax assets				
Temporary differences				
Unrealized write-downs of inventories	$ 1,623	($ 1,172)	$ -	$ 451
Defined benefit obligations	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)

(4) Deductible temporary differences for which no deferred tax assets have been recognized in the balance sheets

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ 335	$ 335

(5) Income tax assessment

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

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

24. Earnings per share

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

Net profit for the year

	2023	2022
Earnings used in the computation of basic earnings per share	$ 278,293	$ 250,730
Earnings used in the computation of diluted earnings per share	$ 278,293	$ 250,730

Shares

	2023	2022
	(Thousands shares)	
Weighted average number of ordinary shares used in the computation of basic earnings per share	100,000	100,000
Effect of potentially dilutive ordinary shares:		
Employees' compensation	222	447
Weighted average number of ordinary shares used in the computation of diluted earnings per share	100,222	100,447

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

25. Capital management

The Group manages its capital to ensure that the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2013.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interest).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, or the amount of new debt issued or existing debt redeemed

26. Financial instruments

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

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

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

Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Fund beneficial certificates	$ 10,457	$ -	$ -	$ 10,457
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
- Listed shares	$ 31,431	$ -	$ -	$ 31,431
- Unlisted shares	-	-	1,595	1,595
Total	$ 31,431	$ -	$ 1,595	$ 33,026

December 31, 2022

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

There were no transfers between Level 1 and Level 2 f in the current and prior periods.

(3) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Mandatorily classified as at FVTPL	$ 10,457	$ 19,956
Financial assets at amortized cost (Note 1)	2,742,050	2,430,681
Financial assets at FVTOCI		
Equity instruments	33,026	25,737
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	2,062,512	1,989,268

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

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

(4) Financial risk management objectives and policies

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

A. Market risk

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

a. Foreign currency risk

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

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to USD.

The following details the Group’s sensitivity to a 10% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 10% used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. For the years ended December 31, 2023 and 2022, there would be an increase of $7,678 thousand and $9,995 thousand, respectively, in pre-tax profit associated with New Taiwan dollars strengthen 10% against USD. For a 10% weakening of New Taiwan dollars against USD, there would be an equal and opposite impact on pre-tax profit and the balances would be negative. The effect of exchange rate changes was mainly attributable to the exposure outstanding on USD cash, payables and borrowings, which were not hedged at the end of the reporting period.

b. Interest rate risk

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

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

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
- Financial assets	$ 786,099	$ 633,596
- Financial liabilities	95,678	45,439
Cash flow interest rate risk		
- Financial assets	506,639	293,368
- Financial liabilities	190,855	156,422

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/decrease by $789 thousand and $342 thousand, respectively.

B. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge its obligation and due to the financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

C. Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in b. below.

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

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

December 31, 2023

	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	$ -	$ 1,870,360	$ -	$ -	$ -
Lease liabilities	4,208	8,360	35,575	50,404	-
Variable interest rate liabilities	26,664	53,049	115,673	-	-
	$ 30,872	$ 1,931,769	$ 151,248	$ 50,404	$ -

Further information about the maturity analysis for lease liabilities was as follows:

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	$ 48,143	$ 50,404	$ -

December 31, 2022

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

Further information about the maturity analysis for lease liabilities was as follows:

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

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

b. Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank financing facilities, reviewed annually and payable on demand:		
- Amount used	$ 918,091	$ 610,515
- Amount unused	1,874,583	1,685,614
	$ 2,792,674	$ 2,296,129

27. Related Party Transactions

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

(1) Related-party and its relationship

Related party	Relationship
Furly Investment Co., Ltd.(Furly Investment)	Substantive related party
Chuan Gao Investment Co., Ltd.(Chuan Gao Investment)	Substantive related party
Welida Investment Co., Ltd.	Substantive related party
DBMaker Japan Inc.	Associate
Cloudmaster Co., Ltd.	Joint venture

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

Related Party Categories	2023	2022
Associate	$ 42,266	$ 23,658
Joint venture	1,131	143
	$ 43,397	$ 23,801

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

Related Party Categories	2023	2022
Associate	$ 2,797	$ 9,580
Joint venture	4	2,669
	$ 2,801	$ 12,249

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

Line Item	Related Party Categories	December 31, 2023	December 31, 2022
Accounts receivable	Associate	$ 15,160	$ 2,798
	Joint venture	247	72
		$ 15,407	$ 2,870

The outstanding accounts receivable from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized on accounts receivable from related parties.

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

Line Item	Related Party Categories	December 31, 2023	December 31, 2022
Accounts payable	Associate	$ 1,206	$ 2,151
	Joint venture	1,500	1,473
	Substantive related party	9	10
		$ 2,715	$ 3,634

The outstanding accounts payable from related parties are unsecured.

(6) Acquisition of property, plant and equipment

Related Party Categories	Purchase Price	
	2023	2022
Associate	$ 4,295	$ 7,660

(7) Lease agreement

	Related Party Categories/Name	2023	2022
Acquisition of right-of-use assets	Substantive related party		
	Chuan Gao Investment	$ 68,488	$ -
	Furly Investment	51,843	-
		$ 120,331	$ -

Line Item	Related Party Categories /Name	December 31, 2023	December 31, 2022
Lease liabilities	Substantive related party		
	Chuan Gao Investment	$ 50,483	$ 5,758
	Furly Investment	34,923	-
		$ 85,406	$ 5,758

Line Item	Related Party Categories /Name	2023	2022
Finance costs	Substantive related party		
	Chuan Gao Investment	$ 1,252	$ 237
	Furly Investment	895	106
		$ 2,147	$ 343

(8) Rental expenses

Line Item	Related Party Categories/Name	2023	2022
Operating expenses	Substantive related party		
	Chuan Gao Investment	$ 1,338	$ 1,601
	Furly Investment	4,880	2,709
	others	-	72
		$ 6,218	$ 4,382

(9) Rental revenue

Line Item	Related Party Categories/Name	2023	2022
Other income	Joint venture		
	Cloudmaster Co., Ltd.	$ 1,779	$ 1,685

(10) Compensation of key management personnel

	2023	2022
Short-term employee benefits	$ 341,483	$ 305,374
Post-employment benefits	13,009	12,268
	$ 354,492	$ 317,642

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

28. Assets Pledged as Collateral

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

	December 31, 2023	December 31, 2022
Pledge deposits (classified as financial assets at amortized cost)	$ 326,433	$ 231,060

29. Significant Contingent Liabilities and Unrecognized Commitments

As of December 31, 2023, for the contracts with customers and the application for government grants, the Group issued guarantee notes and had bank guarantee amounting to $106,767 thousand and $727,236 thousand, respectively.

30. Significant Assets and Liabilities Denominated in Foreign Currencies

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows

December 31, 2023

	Foreign Currencies	Exchange rate	Carrying amount
Financial assets			
Monetary item			
USD	$ 3,090	30.705	$ 94,864
Non-monetary item			
JPY	57,237	0.2172	12,432
Financial liabilities			
Monetary item			
USD	5,590	30.705	171,642

December 31, 2022

	Foreign Currencies	Exchange rate	Carrying amount
Financial assets			
Monetary item			
USD	$ 3,012	30.71	$ 92,484
Non-monetary item			
JPY	66,636	0.2324	15,486
Financial liabilities			
Monetary item			
USD	6,266	30.71	192,435

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

	2023		2022	
Foreign currency	Exchange rate	Net Foreign Exchange Gain (Loss)	Exchange rate	Net Foreign Exchange Gain (Loss)
USD	31.155(USD: NTD)	$ 1,270	29.805(USD: NTD)	$ 1,789
USD	7.0423(USD: RMB)	(3,530)	6.7208(USD: RMB)	(11,877)

31. Separately Disclosed Items

(1) Information on significant transactions

A. Financing provided to others: None.

B. Endorsements/guarantees provided (Table 1).

C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 2).

D. Marketable securities acquired and disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

I. Trading in derivative instruments: None.

J. Other: Intercompany relationships and significant intercompany transactions: (Table 3).

(2) Information on investees: (Table 4).

(3) Information on investments in Mainland China:

A. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 5)

B. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c. The amount of property transactions and the amount of the resultant gains or losses.

d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

(4) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:(Table 6).

32. Segment Information

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

(1) Segment revenue and results

	Segment revenue		Segment profit or loss	
	2023	2022	2023	2022
Reportable segment				
Business segments of the Company	$ 6,115,419	$ 5,674,679	$ 298,837	$ 291,698
Business segments of the entities controlled by the Company	318,885	360,533	(15,771)	(30,128)
Elimination of inter-segment revenue	(50,484)	(84,688)	2,393	2,835
Total of reportable segments	$ 6,383,820	$ 5,950,524	285,459	264,405
Non-operating income and expense			44,048	40,251
Net profit before tax			$ 329,507	$ 304,656

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

(2) Total segment assets and liabilities

	December 31, 2023	December 31, 2022
Segment assets		
Business segments of the Company	$ 4,484,930	$ 4,025,953
Business segments of the entities controlled by the Company	361,340	408,987
Total	$ 4,846,270	$ 4,434,940
Segment liabilities		
Business segments of the Company	$ 2,474,375	$ 2,097,252
Business segments of the entities controlled by the Company	254,591	282,875
Total	$ 2,728,966	$ 2,380,127

(3) Geographical information

The Group operates principally mainly in four regions - Taiwan, China, the U.S.A. and Southeast Asia.

The Groups' revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 6,216,988	$ 5,799,879	$ 485,160	$ 394,083
China	155,413	139,888	12,224	15,698
U.S.A.	8,070	7,517	20,308	21,038
Southeast Asia	3,349	3,240	1,223	1,257
	$ 6,383,820	$ 5,950,524	$ 518,915	$ 432,076

Non-current assets exclude financial instruments, deferred tax assets, and post-employment benefit assets.

(4) Information of major customers

Revenue from system design, integration and maintenance in 2023 and 2022: $6,383,820 thousand and $5,950,524 thousand, where $1,024,743 thousand and $892,328 thousand were from the largest customer of the Group.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the Year Ended December 31, 2023

Table 1 (In Thousands of New Taiwan Dollars/Foreign Currency)

No.	Endorser/ Guarantor	Endorsee/ Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 1)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement /Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Syscom Computer Engineering Co.	Syscom Computer (Shenzhen) Co., Ltd.	Indirect subsidiary	20% of the net worth $422,841	$ 334,685 (USD 10,900)	$ 282,486 (USD 9,200)	$ 153,125 (USD 4,987)	$ -	13.36	50% of the net worth $1,057,104	Yes	No	Yes
		Xian Linan Computer Co., Ltd.	Indirect subsidiary	Same as above	60,642 (USD 1,975)	40,684 (USD 1,325)	29,947 (USD 975)	-	1.92	Same as above	Yes	No	Yes
		Netmaker Technology Co., Ltd.	Subsidiaries	Same as above	85,000	85,000	7,500	-	4.02	Same as above	Yes	No	No
		Coach Technology Management Inc.	Subsidiaries	Same as above	15,000	15,000	-	-	0.71	Same as above	Yes	No	No

Note:The above amounts were translated into New Taiwan dollar at the prevailing exchange rate as of December 31, 2023.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Marketable securities held
December 31, 2023

Table 2

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

Holding Company Name	Type and name of marketable securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of shares/units	Carrying amount	Percentage of Ownership (%)	Fair value	
SYSCOM COMPUTER ENGINEERING CO.	Beneficial certificates							
	Yuanta Japan Leaders Equity Fund	—	Financial assets at fair value through profit or loss - current	1,000	$ 10,000	-	$ 10,000	
	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	29,898	0.90	29,898	
	Shin Kong Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	166	1,470	-	1,470	
	Dimension Computer Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	2	63	-	63	
Coach Technology Management Inc.	Beneficial certificates							
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss - current	31	457	-	457	

Note 1: The securities referred to in this table include stocks, bonds, mutual funds and securities derived from the above - mentioned items within the scope of International Financial Reporting Standard No. 9 “Financial Instruments”.
Note 2: The above shares or certificates were not provided as guarantee.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

Intercompany Relationships and Significant Intercompany Transactions and Subsidiary and Between Subsidiaries

For the Year Ended December 31, 2023

Table 3

(In Thousands of New Taiwan Dollars)

No.	Name of the trader	Counterparty of the transaction	Relationship with the trader (Note)	Transaction details			
				Account on the financial statements	Amount	Trading terms	As a percentage of consolidated total revenue or total assets
0	The Company	Netmaker Technology Co.	1	Account receivable	$ 1,226	General trading terms	-
	The Company	Netmaker Technology Co.	1	Prepayment for purchases	1,513	General trading terms	-
	The Company	Netmaker Technology Co.	1	Sales revenue	1,669	General trading terms	-
	The Company	Netmaker Technology Co.	1	Maintenance revenue	2,297	General trading terms	-
	The Company	Netmaker Technology Co.	1	Cost of goods sold	6,089	General trading terms	-
	The Company	Netmaker Technology Co.	1	Maintenance costs	7,020	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Accounts payable	5,802	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Rental income	1,132	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Cost of goods sold	29,024	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Maintenance costs	9,707	General trading terms	-
	The Company	Coach Technology Management Inc.	1	Miscellaneous expenses	1,046	General trading terms	-

Note: 1.Parent to subsidiary.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Information on investees
For the Year Ended December 31, 2023

Table 4

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Holding at the end of the period			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	Percentage of Ownership	Carrying amount			
SYSCOM COMPUTER ENGINEERING CO.	Coach Technology Management Inc.	Taipei City	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.	$ 19,200	$ 19,200	1,950	97.50	$ 6,550	$ 2,276	$ 2,219	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	96,751	(1,922)	(1,922)	Subsidiaries
	SYSCOM INTERNATIONAL INC.	Cayman Islands	Investments in other businesses	USD 6,050	USD 6,050	6,050	100.00	(94,834)	(25,160)	(25,160)	Subsidiaries
	Netmaker Technology Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	18,763	18,763	2,858	86.60	35,643	(4,752)	(4,115)	Subsidiaries
	Wisemaker Technology Co.	Taipei City	Sales of computer software, hardware and related products.	42,191	41,697	2,679	99.24	60,187	4,003	3,982	Subsidiaries
	DBMaker Japan, Inc.	Tokyo, Japan	Development and sales of computer system software and hardware	JPY 53,260	JPY 53,260	5	49.89	12,432	(4,184)	(2,087)	Investee accounted for using the equity method
	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 33,134	THB 33,014	3,440	92.47	3,004	(178)	(165)	Subsidiaries
	Cloudmaster Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	65,000	65,000	6,500	50.00	55,426	3,128	1,564	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	17	(178)	Not applicable	Subsidiary

Note: The foreign currency amount of the net income of the investee is expressed in New Taiwan dollars at the average exchange rate in 2023.

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Information on investments in Mainland China
For the Year Ended December 31, 2023

Table 5

(In Thousands of New Taiwan Dollars/Foreign Currency)

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investmen	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Syscom Computer(Shenzhen)Co., Ltd.	Computer equipment software development, sales of self-developed technical achievements services, computer system integration and network wiring engineering.	$ 138,173 (USD 4,500)	Note 1	$ 128,040 (USD 4,170)	$ -	$ -	$ 128,040 (USD 4,170)	($ 25,361) ((USD 814)) (Note 2)	98.27%	($ 24,922) ((USD 800)) (Note 2)	($ 96,311) ((USD 3,137)) (Note 2)	$ -	
Xian Linan Computer Co., Ltd.	Development and manufacture of computer equipment and computer software; sale of self-manufactured products and provision of technical services.	70,622 (USD 2,300)	Note 1	46,610 (USD 1,518)	-	-	46,610 (USD 1,518)	(2,513) ((USD 81)) (Note 2)	74.38%	(1,869) ((USD 60)) (Note 2)	(4,532) ((USD 148)) (Note 2)	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$ 174,650 (USD 5,688)	$ 174,650 (USD 5,688) (Note 1(2))	$ 1,268,524
	13,394 (USD 436) (Note 1(1))	

Note 1: Investment methods are classified into the following two categories:
(1) An investee of CASEMaker, Inc., a wholly owned subsidiary of Syscom Computer Engineering Company and capital increase from capital surplus.
(2) An investee of Syscom International Inc., a wholly owned subsidiary of Syscom Computer Engineering Company.

Note 2: Amount was recognized based on the financial statements which were audited by CPAs on December 31, 2023.

Note 3: According to the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAIC), the upper limit is calculated as follows:
60% of the shareholders' equity = $2,114,207 × 60% = $1,268,524

Note 4: The foreign currency amounts of original investment amount and carrying value are expressed in New Taiwan dollars at exchange rate as of December 31, 2023. The foreign currency amount of net income is expressed in New Taiwan dollars at average exchange rate for the year ended December 31, 2023.

SYSCOM COMPUTER ENGINEERING CO.
Information on major shareholders
December 31, 2023

Table 6

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

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