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SYSCOM COMPUTER ENGINEERING CO.

2022 Annual Report

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VI. Name of any exchanges where the Company's securities are listed offshore, and the method by which to access information on the offshore securities: Not applicable.

VII. The Company's website: <http://www.syscom.com.tw>

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One. Letter to Shareholders

Dear shareholders:

As the pandemic eases and restrictions are lifted gradually, countries around the world are looking forward to an accelerated economic turnaround. However, supply chain imbalances, labor shortages, and rising inflationary pressures accompanying the changes in the pandemic and economic recovery are driving the world toward a new normal. SYSCOM COMPUTER is a leading computer system integrator in Taiwan with outstanding solutions in productivity improvement, zero-touch economy, information security, and green energy sustainable IT, and has been selected as a CIO TAIWAN 2022 "Outstanding Service Provider" with the support of its customers for its outstanding technical capabilities and service capabilities. Despite the fact that major domestic and international institutions generally believe that economic momentum is slowing down, SYSCOM COMPUTER, with the concerted efforts of all employees, has continued to build up its competitive strength and provide high-quality services to customers, maintaining steady growth in both revenue and profit for 2022.

An overview of our operations for 2022 and the outlook for 2023 are hereby reported:

I. 2022 Business Report

1. Business plan implementation results:

The Company's consolidated net operating revenues for 2022 were NT\$ 5,950,524 thousand, up 1.38% over 2021, and consolidated net profit after tax was NT\$ 244,945 thousand, up 13.94% over 2021.

2. 2022 budget implementation status:

The Company did not prepare and announce the financial forecast for 2022, and the consolidated profit or loss for 2022 is hereby presented as follows:

Unit: Thousands of NTD

Item	Actual amount
Net operating revenue	5,950,524
Operating costs	4,432,024
Gross profit	1,518,500
Operating expenses	1,254,095
Operating profit	264,405
Non-operating income and expenses	40,251
Net profit before tax	304,656
Net profit for the year (after tax)	244,945

3. Analysis of financial receipts and expenditures and profitability for 2022:

Unit: Thousands of NTD

Item	2022	2021
Net operating revenue	5,950,524	5,869,595
Profit or loss after tax	244,945	214,977
Return on assets (%)	5.80	5.14
Return on shareholders' equity (%)	12.16	11.11
Net profit before tax as a percentage of paid-in capital (%)	30.47	27.19
Net profit margin (after tax)	4.12	3.66
Earnings per share (NTD)	2.51	2.16

Note: The above financial data was calculated based on the consolidated financial statements

4. Research and development status:

(1) Technologies and products successfully developed:

- DBMaster DataBase
- DBMaker CloudDB
- DBMaker BigData DB
- RFID Intelligent Traffic and Transportation Platform
- Health Examination Management System
- Mobile Point of Sale
- Azure CSP Intelligent Cloud Management System
- (NMS/EMS) NDS (Network Dimension System) Advanced Module - SDN Network Management Module
- CMMI Software Development Process Solution – SDPM
- Software Productivity Recursive Performance Prediction Model
- Next Generation Healthcare Information Syscom
- Futures Risk Control Rapid Mid-End System
- Securities Risk Control Rapid Mid-End System
- NCBS
- New Generation Securities and Futures Trading System
- NTD deposit, foreign exchange and trust account opening and e-form system
- Mobile Payment System
- NETCenter
- GreenMaker
- Cloud-Based Cross-Border Project Management Service
- Energy Diagnosis Management System
- Electricity Load Dispatching For Union Demand Response
- Security Information Service Platform/Diamond Guard
- SASP Service Platform (SYSCOM Applications Service Portal) and My Note 3.2.
- Intelligent Analysis and Decision Support System
- Real-time satellite image reception and processing
- Patrol box electronic
- VIAMaster
- SERVICE Online
- Technical Service Management (TSM)
- OMFLOW
- Hyper Automation Log Archiving Management System
- SECURITY USER INTERFACE PROGRAM
- Visa Direct, Mastercard Cross-border, Cross-border Payment Transaction management system

(2) Future research and development directions (including ongoing projects).

- Secure Terminal Emulator – DRSE
- AYUDA
- DBMaker Docker Image
- Opus One IP Continuous Configuration Management Platform
- Shopping mall service robots
- Anti-pandemic service robots
- OMFLOW Continuous Configuration Automation module
- Hyper Automation Scanning Task Framework

II. Outline of 2023 Business Plan

1. Management Policy:

- (1) Unleash the power of systems to create a high-quality customer service experience.
- (2) Innovate technologies and services and integrate industrial applications to accelerate adoption.
- (3) Drive R&D capacity and enhance core product applications.
- (4) Strengthen international collaboration and enhance competitive advantages in overseas markets.
- (5) Strengthen management performance and strive for ESG corporate sustainable development.

2. Important production and marketing policies:

- (1) Carry through the standard operating process and adhere to the commitment of total quality excellence and sustainability.
- (2) Innovate industry-related information services to improve overall profitability.
- (3) Dedicate to core products and professional services and develop applications in multiple fields.
- (4) Develop new technologies such as AI, 5G, cloud, Internet of Things, and information security.
- (5) Form alliances with Taiwan hardware and software vendors to expand domestic and overseas markets.

III. Impacts by the external competitive environment, regulatory environment and general economic environment

Recently, the economic situation is affected by the mutated virus, the war between Russia and Ukraine, high inflation and climate change, etc. Major economies have started a cycle of interest rate increases to combat inflation, and high interest rates have affected corporate investment intentions. The Taiwan Institute of Economic Research (TIER) observed that the weakening global economic demand has affected the performance of Taiwan's foreign trade, and the growth of private investment has slowed down significantly. Fortunately, the government's public construction budget is at a record high, and private consumption remains strong, so both the private sector and the government will work together to support Taiwan's economy, and the domestic economic growth rate is forecasted to be 2.58% for 2023.

With the rapid changes in the global market, the rise of the digital transformation and the shift of paradigms, how to guide the industry to develop cross-domain software application services in response to the market demand and follow the government's innovative industrial policies to enhance the competitiveness of Taiwan's information service and software industries is indeed an important challenge for the development of the industry. Under this trend, many industries are gradually evolving along the direction of smart manufacturing, smart medical care, and smart retail, and emerging technologies such as cloud computing, artificial intelligence, and information security are highly valued by enterprises whereas information software and service providers are key players in facilitating the adoption of these emerging technologies.

IDC's forecast of the top 10 trends in Taiwan's ICT market for 2023 indicates that as the industries have entered the as a service economic structure, it is increasingly important to optimize operations and develop innovative digital businesses. Investments in technologies and IT will be the main driving force for enterprises to sustain economic shocks and develop their digital businesses. The top 10 trends include:

- (1) Digital Sovereignty.
- (2) Acceleration of automation applications and implementation of multimodal AI adoption.
- (3) The next wave of network security revolution - software traceability.
- (4) Supply chain restructuring and new competition.
- (5) Geopolitics accelerates the development of low-orbiting satellites.
- (6) The Multiverse is moving toward the trend where the big ones get bigger.
- (7) Multivariate and multi-stage adoption of digital twin.
- (8) The post-pandemic economy accelerates the cloud transformation of SMEs and information service providers.
- (9) Formation of future consumers.

- (10) The change of payment method under the wave of digital population drives the development of B2C industry.

IV. The Company's future development strategy

1. Short-term development plan

- (1) Integrate various system management tools to continuously improve efficiency and quality.
- (2) Expand sales of core products and services to increase overall profitability.
- (3) Integrate 5G, AIoT, information security, big data and cloud technologies to develop a data economy.
- (4) Develop transportation, security and business applications with intelligent operating platforms.
- (5) Form alliances with outstanding domestic vendors to enter the emerging application market.

2. Long-term development plan

- (1) Implement the commitment of continuous improvement of total quality and strive for sustainable development of ESG.
- (2) Demonstrate strong system capabilities in software and hardware integration to help enterprises transform digitally.
- (3) Bridge advanced technology and application to life, and joining hands with Taiwan team to enter the World Cup.

Regarding the outlook for 2023, the global economy will continue to face geopolitics, financial volatility, climate anomalies, and global supply chain issues. In the face of slowing economic growth, companies need to accelerate innovation and develop better technology solutions. Despite the high uncertainty of private investment, there are still many IT installations that are in immediate demand, such as information security, cloud deployment, and regulatory compliance, which will be the main drivers of growth for information service providers in 2023. As one of the largest and most influential system integration companies in Taiwan, SYSCOM COMPUTER is committed to completing every project with dedication, focus, and commitment, helping customers to promote digital transformation and build a resilient enterprise, and continue to strive for opportunities to create new business opportunities. Finally, I wish all shareholders good health and all the best to you.

Chairman: Jui-Fu Liu

Two. Company Profile

I. Date of Establishment: July 17, 1975.

II. Company History:

1. For the most recent year and the current year up to the date of publication of the Annual Report, mergers and acquisitions, investments in affiliates, reorganizations, significant transfers or changes in shareholding of directors or major shareholders with 10% of the stake or more, changes in management right, significant changes in the mode of operations or business scope, and other events of sufficient importance to affect shareholders' equity and their effects on the Company: None.

2. Important Milestones:

Year	Important Milestones
1975	<ul style="list-style-type: none">• The Company was established to provide professional computer services. Initially, we were mainly a distributor of domestic and foreign computer peripherals, and our long-term goal was to "provide one-stop complete solutions".
1978	<ul style="list-style-type: none">• Introduced the T.I. computer system produced by Texas Instruments.
1979	<ul style="list-style-type: none">• Established the Project Management Department to design complete application systems for customers, providing them with solutions from hardware to software, and formally entered the professional field of system integration.
1981	<ul style="list-style-type: none">• Set up the Taichung Branch.• Served as a distributor for AOL's Tandem NonStop Computer System, a leading OLTP NonStop computer system, bringing the connected operating system to a new level of non-stop for hardware/software/maintenance.
1982	<ul style="list-style-type: none">• Taiwan Stock Exchange outsourced its computerization operations to SYSCOM, layering a good foundation for future success in the securities computerization market.• Set up the Kaohsiung Branch.
1983	<ul style="list-style-type: none">• Developed the "Bank Management Information System" for the SME banks in Hsinchu District, and penetrated into the financial industry for the first time.
1985	<ul style="list-style-type: none">• National Cheng Kung University Medical Center used the hospital automation services provided by SYSCOM COMPUTER.
1988	<ul style="list-style-type: none">• CKS Airport Air Cargo Terminal used SYSCOM COMPUTER's products to automate its operations.
1989	<ul style="list-style-type: none">• Set up branch and rep office in Tainan and Taoyuan respectively.• As the stock market was booming, nearly 60 securities dealers adopted SYSCOM's securities automation system, establishing SYSCOM's leading position in Taiwan's securities computerization market.
1990	<ul style="list-style-type: none">• Independently developed SYSCOM APG, which became an Alliance Product licensed by the internationally renowned Tandem Computers.
1991	<ul style="list-style-type: none">• Invested in CASEMaker Inc. in the U.S., which specialized in the global marketing of software tools and database products.
1992	<ul style="list-style-type: none">• SYSCOM COMPUTER introduced CISCO network products, which were used by more than ten universities in Taiwan.• The tender project of the Ministry of Finance's customs clearance automation.
1993	<ul style="list-style-type: none">• Set up Hsinchu rep office, gradually forming a province-wide service network.• Received "Outstanding Information Software Award" from the Ministry of Economic Affairs.
1994	<ul style="list-style-type: none">• The outsourcing project for the Health Information Network of the Ministry of Health, Executive Yuan - North Kaohsiung Medical Regional Information Exchange Center, in charge of the operations of the computerized online reporting for the national health insurance medical benefits.
1995	<ul style="list-style-type: none">• Mr. Jui-Fu Liu, Chairman of the Board of Directors, was elected as the Chairman of the 8th Taipei Computer Association.

Year	Important Milestones
1996	<ul style="list-style-type: none"> • Won the first place in the education and training category of the customer satisfaction survey conducted by the Directorate-General of Budget, Accounting and Statistics for four consecutive years from 1993 to 1996. • Passed ISO 9002 quality certification. • Selected to participate in the "Ground Control System" outsourcing service of "FORMOSAT-1" by National Science and Technology Council to implement aerospace technology transfer to Taiwan.
1997	<ul style="list-style-type: none"> • Launched DBMaker, the first large-scale database developed by Taiwan nationals. • Developed LegacyAid, an analysis tool to solve the year 2000 information crisis. • Awarded Best Network Integration Company in Asia Taiwan by Data Communications Magazine in 1996 and 1997. • Passed the management system evaluation of the Ministry of Economic Affairs' private business technology projects.
1998	<ul style="list-style-type: none"> • Received the "Superior Award for Industrial Technology Development" from the Ministry of Economic Affairs. • Set up a subsidiary in Thailand. • Mr. Jui-Fu Liu, Chairman of the Board of Directors, was re-elected as the Chairman of the 9th Taipei Computer Association. • Taiwan Futures Exchange used SYSCOM COMPUTER's computerized services, showing that SYSCOM had the capability to build information systems for the three major financial exchanges (TWSE/TPEX/TAIFEX) in Taiwan. • ISPs such as Hinet, Seednet, and GigaMedia used SYSCOM's planning and integration services. • Launched "SYSCOM's securities integration information system - TradeMaker™", kicking off the trend of online order placement in the securities industry.
1999	<ul style="list-style-type: none"> • FORMOSAT-1 was successfully launched and SYSCOM COMPUTER "Ground Control System and Satellite Operations and Maintenance" officially started operations. • Introduced Nuance voice recognition technology to develop Chinese voice recognition system, opening new business opportunities for domestic e-commerce market. • SYSCOM was ranked second in overall performance in the "Service Quality Assessment of Large Financial Information System Providers by BAROC". • Passed Cisco's rigorous evaluation and technical requirements and became the first "Gold Certified Partner" in Taiwan.
2000	<ul style="list-style-type: none"> • Passed ISO 9001 quality certification. • Passed the high-tech business audit by the Industrial Development Bureau, Ministry of Economic Affairs. • Won the "Outstanding Information Application and Product Award of 2000 Information Month" for the "Criminal Crime Database System" jointly completed with the Criminal Police Division.
2001	<ul style="list-style-type: none"> • SYSCOM COMPUTER was successfully listed on TWSE. • Subsidiary Syscom Computer(Shenzhen)Co., Ltd. won the businesses for the establishment of trading platforms for Shanghai and Shenzhen Stock Exchange.
2002	<ul style="list-style-type: none"> • Participated in the construction of backbone and retrieval network equipment for the second generation GSN government service network. • [SYSCOM Form Approval System] complied with the "Basic Standards for Form Approval Process Automation in Government Agencies" and was one of the first software products to be approved by the Research, Development and Evaluation Commission, Executive Yuan.
2003	<ul style="list-style-type: none"> • Built "NCBS", entering the financial holding market. • Developed voice application successfully - launch of the voice reporting system of Customs Administration, Ministry of Finance. • Launched the "Video Conferencing Solution" in the wake of the SARS storm. • SYSCOM COMPUTER and TÜVIT, a European information security certification agency, formed a strategic alliance to provide comprehensive information security consulting services. • Won the business of the "Common Operating Platform Construction and Continuous Configuration Outsourcing Service" for e-Government.

Year	Important Milestones
2004	<ul style="list-style-type: none"> Received the "Certificate of Registration as a Technological Service Organization" from the Industrial Development Bureau, Ministry of Economic Affairs. SYSCOM became the first "Microsoft Gold Certified Partner" with successful project services and more than 100 professional technical certified engineers. For the launch of FORMASAT-2, the Formosa Satellite mission team that SYSCOM participated officially started operations. Directly took on and passed CMMI Level 3 evaluation and officially announced to try to directly pass CMMI Level 5 evaluation. Became the first domestic vendor to win "2004 Microsoft "Advanced Infrastructure Award" Winner".
2005	<ul style="list-style-type: none"> Became one of the top three flagship vendors in Taiwan by passing the examination of the BEST program of the Ministry of Economic Affairs. Subsidiary Xian Linan Computer passed the CMMI Level 3 evaluation.
2006	<ul style="list-style-type: none"> Received the "2005 MIS BEST CHOICE" award from the Institute for Information Industry: <ul style="list-style-type: none"> - First place in the category of SI System Integration Services. - Second place in the category of OutSourcing Information Outsourcing Services - First place in the category of Network Construction and Planning Services - Third place in the category of Information Security Infrastructure Services Passed ISO27001 (BS7799) Information Security Certification. Awarded the "Best Partner for Information Security" by BSI Taiwan. Formosat 3 was officially launched and SYSCOM's ground operation system officially started operations. Successfully took on the CMMI Level 5 international software quality evaluation by skipping several levels and became the first vendor in Taiwan to pass CMMI Level 5.
2008	<ul style="list-style-type: none"> President Jui-Long Liu was elected as the 11th President of Information Service Industry Association of R.O.C. With the most Fortinet certified engineers in Taiwan, and passed the review. Became the first highest-level "Gold Partner" of Fortinet in Taiwan for the first time. Became the first highest-level vmware partner for outstanding sales and technical certified engineers.
2009	<ul style="list-style-type: none"> Awarded the "Best Marketing Campaign Partner" by the Institute for Information Industry.
2010	<ul style="list-style-type: none"> Collaborated with Japan TSH by outsourcing and released Japan's first enterprise cloud computing service "MMS+ CLOUD", transplanting proprietary software assets to the cloud environment. The strength of SYSCOM software has been reaffirmed. Joined the "Cloud Computing and IoT Association in Taiwan" and jointly strive for global cloud computing business opportunities.
2011	<ul style="list-style-type: none"> Passed CMMI-Dve v1.2 Maturity Level 5 evaluation. President Jui-Long Liu was re-elected as the 12th President of Information Service Industry Association of R.O.C.
2012	<ul style="list-style-type: none"> Implemented for the first time for the whole company and passed the certification of "Personal Data Security Management PIMS BS10012:2009". Released NonStop NCBS with HP to help financial users reduce costs significantly. Received the "2012 National Excellence Award for Microsoft Partner of the Year". Recognized for the "Syscom Cyberhood Cloud Service Platform by the "2012 Cloud Innovation Award".
2013	<ul style="list-style-type: none"> Subsidiary Syscom Computer(Shenzhen)Co., Ltd. passed the "Computer Information System Integration Level 3 Qualification" certification at the national level in China. Established "Cloudmaster Co., Ltd." by joint venture with TOKAI Communications, Japan. Independently developed the product "DBMaker Database" and won the "Taiwan Excellence Award" for the first time.

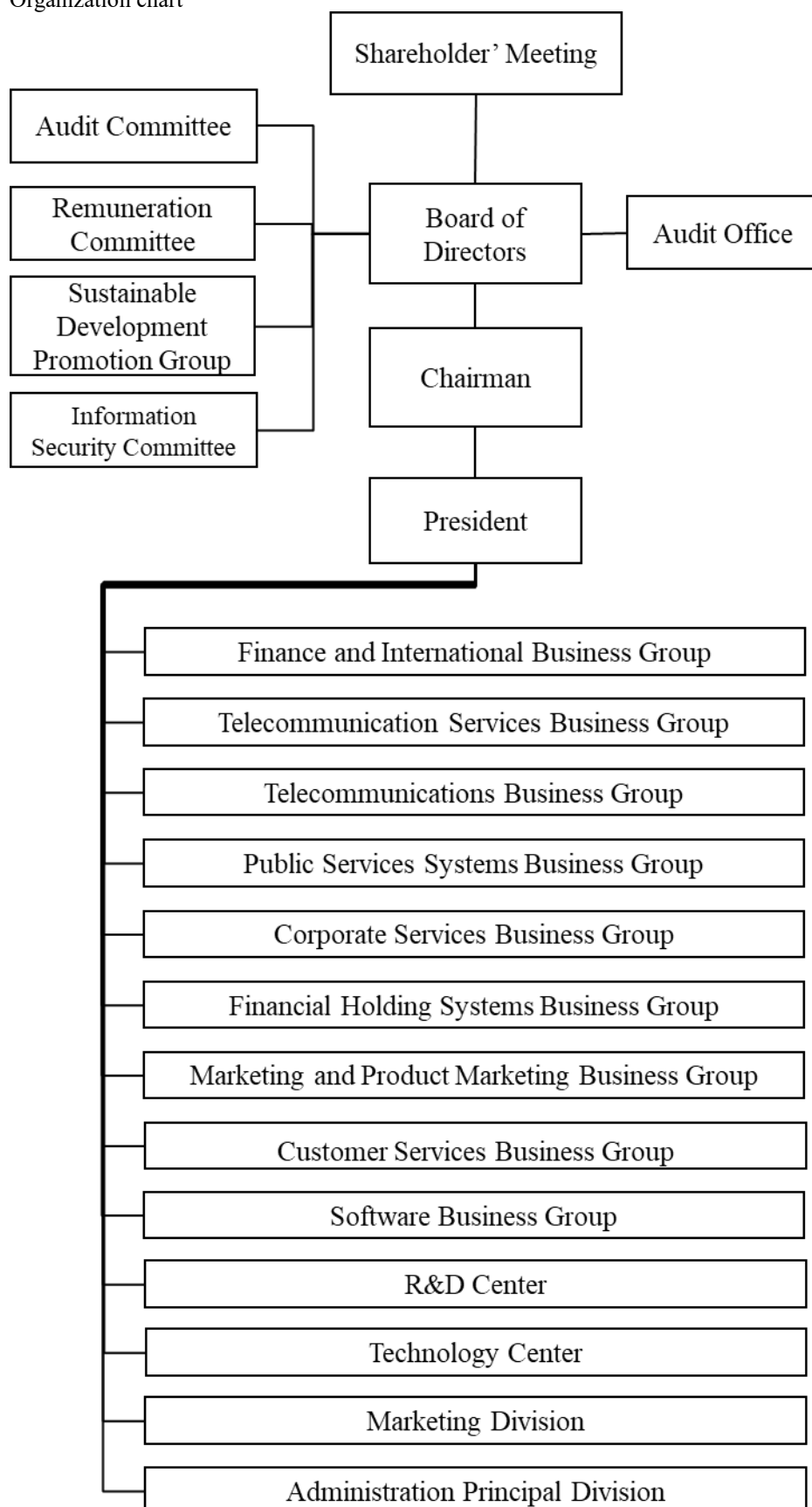
Year	Important Milestones
2014	<ul style="list-style-type: none"> Awarded by the Ministry of Economic Affairs for the second "Taiwan Mittelstand Enterprise". Subsidiary Syscom Computer (Shenzhen)Co., Ltd. was awarded "AA Grade Credit Enterprise in Enterprise Credit Rating" by China Software Industry Association. Passed CMMI v1.3(Staged) Maturity Level 3 evaluation. SYSCOM's "DBMaker CloudDB" won the "2015 Taiwan Excellence Award" again. Won the champion of "2014Cloud Innovation Competition - Domestic Cloud Data Center Solution Category".
2016	<ul style="list-style-type: none"> Won the "2016 System Integration Output Award" with "Enterprise Dedicated Cloud Server Room Hosting Services - Pracla". Received "Personal Data Management System BS 10012:2009 Certification". Subsidiary Syscom Computer (Shenzhen)Co., Ltd. assisted Shanghai Pudong Development Bank to win the "Asian Banker - Best Mobile Banking Security Award " in 2016. The "Enterprise Dedicated Cloud Server Room Hosting Services - Pracla" won the "2016 Cloud Gold Award" in the annual evaluation of "Cloud Industry Service Corps" by Industrial Development Bureau, Ministry of Economic Affairs. SYSCOM, Cloudmaster, and other vendors jointly developed "OpenStack Pracla", which was awarded the third place in "2016 Cloud IoT Innovation Award". Participated in the development of Police Cloud and Environmental Cloud, and both won the "2016 Cloud IoT Innovation Award - Outstanding Application Award in Government Application Category". The "m-Police Mobile Computer System" developed in collaboration with the National Police Agency was selected as one of the "Top 100 Innovative Products of 2016 Information Month - Public Service Products".. Passed the dual certification of information services and information security with three certification contents, including: ISO/IEC 20000-1:2011, ISO/IEC 27001:2013 and CNS 27001:2014.
2017	<ul style="list-style-type: none"> Subsidiary Syscom Computer (Shenzhen)Co., Ltd. was awarded the "Best Supplier 2016" by China Merchants Bank and recognized as a "High-tech Enterprise" (2012, 2015 and 2017) at the national level in China again. SYSCOM's "Relational Database Core Engine - DBMaker" received "2017 Taiwan Excellence Award". Passed CMMI-Dev v1.3 Maturity Level 3 evaluation. Passed BS10012:2009 certification for personal data security. Cloud Robot - Ayuda won the champion of "2017 Cloud IoT Innovation Award". Passed the dual certification of information services and information security with three certification contents: CNS 27001:2014/ISO/IEC 20000-1:2011/ISO/IEC 27001:2013.
2018	<ul style="list-style-type: none"> Awarded "The 25th National Quality Award - Exemplary Manufacturing Quality Award". SYSCOM Cloud Robot - Ayuda Intelligent Platform received the [2018 System Integration Output Award]. Passed the dual certification of information services and personal data security: ISO/IEC 20000:2011 and ISO/IEC 27001:2013 and national personal data security certification: CNS 27001:2014.
2019	<ul style="list-style-type: none"> SYSCOM's self-developed "DBMaker CloudDB" won the "2020 Taiwan Excellence Award" again.
2020	<ul style="list-style-type: none"> Passed the dual certification of information services and information security: ISO/IEC 20000 (2015-2021) and ISO/IEC 27001 (2015-2021). Mr. Jui-Fu Liu, Chairman of the Board of Directors, was awarded the "2019 Annual Fellowship Award" by CSROC. Listed as one of the representative vendors of Taiwan's industrial development in the 50th anniversary book of Industrial Development Bureau, Ministry of Economic Affairs. Awarded the SGS "2020 Information Security Management Excellence Award". The self-developed product "Intelligent Service Robot AYUDA" was awarded "2021 Taiwan Excellence Award and Taiwan Excellence Silver Award". The self-developed product "NETCenter" received the "2021 Taiwan Excellence Award".

Year	Important Milestones
2021	<ul style="list-style-type: none"> • Mr. Jui-Fu Liu, Chairman of the Board of Directors, was awarded "Honorary Doctor of Engineering" by National Dong Hwa University. • Passed Cisco's rigorous evaluation and technical requirements and was awarded again CISCO's highest-level "Gold Certified Partner" (1999-2021). • Repeatedly honored with the "Microsoft Gold Certified Partner" certification (2004-2021) with successful project services and more than 100 professional certified engineers. • Repeatedly honored with the highest-level Fortinet and vmware partner for outstanding sales and technical certified engineers (2008-2021). • With 40 years of irreplaceable NonStop system sales and technical expertise, combined with outstanding HPE product sales performance and technical certified engineers, becoming the highest-level HPE solution sales partner. • Independently developed the product "DBMaker Database" and won repeatedly the "Taiwan Excellence Award" (2013, 2014, 2015, 2017, 2020, 2021, and 2022) • The self-developed product "NETCenter" received the "Taiwan Excellence Award" two years in a row in 2021 and 2022. • Passed the dual certification of information services and information security: "ISO/IEC 20000(2015-2021) and ISO/IEC 27001 (2015-2021)". • Implemented and passed the certification of Personal Data Security Management PIMS BS10012 (2012-2021). • Passed "ISO27701 Privacy Information Management Certification", becoming the first SI vendor in Taiwan to have four international standard certifications for privacy, information security, information services and personal data at the same time.
2022	<ul style="list-style-type: none"> • Independently developed the product "DBMaker Database" and won the "Taiwan Excellence Award" time after time (2013, 2014, 2015, 2017, 2020, 2021 2022 and 2023). • The self-developed product "NETCenter IT Infra Network Monitoring and Management Center" continued to receive "Taiwan Excellence Award" (2021, 2022, and 2023). • The self-developed product "Intelligent Service Robot Ayuda" won "Taiwan Excellence Award"(2021 Taiwan Excellence Silver Award and 2023 Taiwan Excellence Award). • The self-developed product "OMFLOW Enterprise Process Engine" received "Taiwan Excellence Award" (2023) for the first time. • Passed the dual certification of information services and information security: "ISO/IEC 27001:2013 (2020-2023)" and "CNS 27001:2014 (2021-2023)". • Passed the "BS 10012:2017 certification (2022-2025) for personal data security management, privacy information management"ISO/IEC 27701:2019 certification (2022-2025)". • Awarded "Service Innovation Award First Prize" by the Ministry of Transportation and Communications (MOTC) under the "5G-driven Smart Transportation Technology and Service Innovation and Industry Development Subsidry Program". • More than once, awarded the highest-level "Gold Certified Partner" by Cisco, the world's largest network equipment vendor, for 23 years (1999-2022). • Cisco Taiwan "Best Partner in Software Business". • MicroFocus "Most Dedicated Customer" and "Best Achievement Award". • HPE "Best Customer Satisfaction Award", "Best Reseller Partner" and "Best Licensed Service Provider Award". • Awarded CIO TAIWAN 2022 "Outstanding Service Provider". • SYSCOM received the "System Innovation Award" from the 9th Cloud Leopard Incubation Program for mentoring a new start-up company, MyelinTek Inc.
2023	<ul style="list-style-type: none"> • Continue to grow

Three. Corporate Governance Report

I. Organizational system

(I) Organization chart

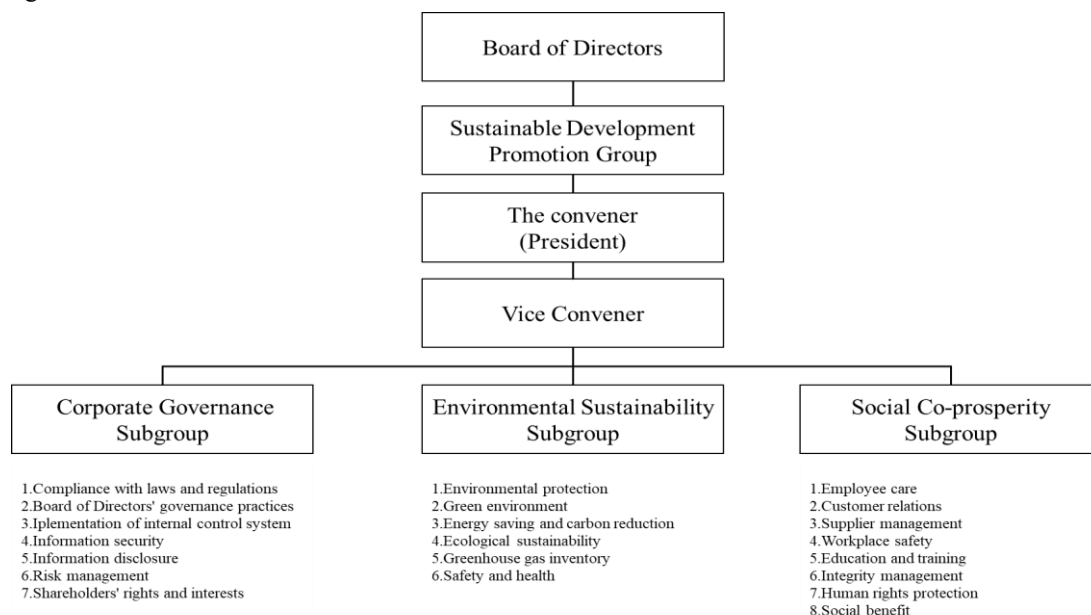


(II) Businesses of each major department

Major department	Businesses
President	Responsible for the planning and integration of the company's long-term and short-term operational direction and decisions.
Finance and International Business Group	Provide sale and planning of hardware and software equipment system integration for financial customers, as well as sales, design and construction services for network-related products.
Telecommunication Services Business Group	Provide system integration of telecommunication networks and value-added application services, sales and solutions for information and communications as a whole, and provide consulting and software development services for information and communications equipment-related products.
Telecommunications Business Group	Provide sale and planning of hardware and software equipment system integration for telecommunications customers, as well as sales, design and construction services for related products.
Public Services Systems Business Group	Provide sale and planning of hardware and software equipment system integration for government and school customers, as well as sales, design and construction services for network-related products.
Corporate Services Business Group	Provide sales, planning, establishment and maintenance services of hardware and software equipment system integration for corporate and financial customers, as well as sales, design and construction services for related products.
Financial Holding Systems Business Group	Provide sale and planning of hardware and software equipment system integration for customers in the securities/futures/general corporate fields under financial holding, as well as sales and design services for network-related products.
Marketing and Product Marketing Business Group	Responsible for formulating marketing strategies, product strategies, product pricing and sales of the company's products.
Customer Services Business Group	Provide sale and planning of hardware and software equipment system integration for customers in the securities/futures/regional finance/general corporate fields, as well as sales, design and construction services for network-related products.
Software Business Group	Responsible for the sales of software applications with software tools/platforms as the core.
R&D Center	Responsible for the research and development of software tools, etc. and the preparation and execution of research and development plans.
Technology Center	Provide internal technical support and support, maintenance and technical consultation services for hardware and software computer equipment to customers.
Marketing Division	Responsible for business system planning, execution, evaluation, and industry strategy research.
Administration Principal Division	Responsible for human resources, treasury, accounting, general affairs, and management analysis.
Audit Office	Responsible for auditing the implementation of internal control systems for business, finance and operations of each unit.

(III) Sustainable Development Promotion Group

1. Organization chart:



In 2022, the Board of Directors of the Company approved the renaming of the former Corporate Governance and CSR Promotion Group to the Sustainable Development Promotion Group, with the President as the convener and the Vice Convener coordinating the three subgroups, including Corporate Governance, Environmental Sustainability and Social Co-prosperity, responsible for the formulation of policies, systems or management policies related to sustainable development and the formulation of specific promotion plans, implementation and review of the effectiveness of implementation and regularly reports the implementation plans and results to the Board of Directors at least once a year. The Board of Directors reviews the implementation of strategies and promotion of plans based on the implementation reports, and instructs the Promotion Group to make adjustments when necessary. The main tasks are divided into the following three subgroups and the relevant departments are responsible for promoting the implementation:

(1) Corporate Governance Subgroup:

Responsible for compliance with laws and regulations, Board of Directors' governance practices, implementation of internal control system, information security, information disclosure, risk management, shareholders' rights and interests, and other related work.

(2) Environmental Sustainability Subgroup:

Responsible for environmental protection, green environment, energy saving and carbon reduction, ecological sustainability, greenhouse gas inventory, and safety and health related work.

(3) Social Co-prosperity Subgroup:

Responsible for employee care, customer relations, supplier management, workplace safety, education and training, integrity management, human rights protection, and social benefit.

2. The implementation results for 2022 and the plan for 2023 were reported to the Board of Directors on December 15, 2022.

II. Information on directors, president, vice president, assistant VP, heads of departments and branches

(I) Information on directors

As of April 15, 2023

Job title	Nationality or place of registration	Name	Gender and age	Date elected	Terms of office	Date first elected	Shareholding when elected		Shareholding now		Shareholding of spouse and minor children now		Shareholding in the name of others		Major experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Remark (Note 6)
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Chairman	R.O.C.	Jui-Fu Liu	Male 71~80 years old	2021.07.29	3 years	1980.10.25	18,346,787	18.35	18,346,787	18.35	8,432,001	8.43	0	0	Department of Electrical Engineering, National Cheng Kung University Honorary Doctorate, National Dong Hwa University Chairman of the Taipei Computer Association	Note 1	Director	Jui-Long Liu	Bothers	-
Director	R.O.C.	Jui-Long Liu	Male 61~70 years old	2021.07.29	3 years	1986.12.08	402,562	0.40	402,562	0.40	0	0	0	0	Institute of Management Science, National Chiao Tung University Lecturer of Tamkang University President of Information Service Industry Association of R.O.C.	Note 2	Chairman	Jui-Fu Liu	Bothers	-
Director	R.O.C.	Po-Wen Wang	Male 71~80 years old	2021.07.29	3 years	2008.06.13	0	0	0	0	0	0	0	0	Department of Science and Management, Graduate Institute of Business Administration, National Chengchi University Deputy Director of Engineering Development Office, National Chung-Shan Institute of Science & Technology	None	None	None	None	-
Director	R.O.C.	Chih-Chun Liu	Female 41~50 years old	2021.07.29	3 years	2021.07.29	3,187,689	3.19	4,375,567	4.38	0	0	0	0	Computer Animation Department, San Francisco University of the Arts	Note 3	Chairman	Jui-Fu Liu	Father and daughter	-
Independent Director	R.O.C.	Che-Fu Kung	Male 61~70 years old	2021.07.29	3 years	2015.06.15	0	0	0	0	0	0	0	0	Department of International Trade, Tunghai University	Note 4	None	None	None	-
Independent Director	R.O.C.	Wang-Ying Yu	Female 61~70 years old	2021.07.29	3 years	2015.06.15	0	0	0	0	0	0	0	0	Department of International Trade, National Taipei College of Business	Note 5	None	None	None	-
Independent Director	R.O.C.	Chung-Lieh Kuo	Male 61~70 years old	2021.07.29	3 years	2021.07.29	0	0	0	0	0	0	0	0	Department of Business Administration, Chung Hua University	Note 4	None	None	None	-

Note 1: Chief Strategy Officer of the Company, director of CASEMaker Inc. and director of ACTISYS INTERNATIONAL CORPORATION

Note 2: President of the Company, president of CASEMaker Inc.

Note 3: Supervisor of Welida Investment Co., Ltd.

Note 4: Member of the Remuneration Committee of the Company

Note 5: Member of the Remuneration Committee of the Company and assistant VP of the Administration Department of DOUBLE CRANE ENTERPRISE CO., LTD.

Note 6: If the chairman and the president or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within first degree of kinship, the reason, rationality, necessity, countermeasures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be described: No such situation.

(II) Major shareholders of corporate shareholders: None

(III) The major shareholders of corporate shareholders that are corporations: None

(IV) Disclosure of professional qualifications of directors and independence of independent directors:

Criteria Name	Professional qualifications and experience	Status of independence	Number of other public companies in which the individual is concurrently serving as an independent director
Chairman Jui-Fu Liu	Major education: Department of Electrical Engineering, National Cheng Kung University and Honorary Doctorate, National Dong Hwa University Major experience: Chairman and Chief Strategy Officer of SYSCOM COMPUTER ENGINEERING CO., director of CASEMaker Inc., director of ACTISYS INTERNATIONAL CORPORATION, chairman of the Taipei Computer Association and chairman of Information Month Campaign Committee	1. Concurrently Chief Strategy Officer of the Company, a managerial officer. 2. Concurrently a director of an affiliate of the Company (100% subsidiary). 3. Natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 shareholders in the name of itself and its spouse. 4. A relative within the second degree of kinship of directors Jui-Long Liu and Chih-Chun Liu. 5. A shareholder holding more than 5% of the stake of a company with which the Company has business dealings. 6. The independence requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission (FSC) has been met.	0
Director Jui-Long Liu	Major education: Institute of Management Science, National Chiao Tung University Major experience: President of SYSCOM COMPUTER ENGINEERING CO., President of CASEMaker Inc., Lecturer of Tamkang University, President of Information Service Industry Association of R.O.C., Vice Chairman and Executive Director of Cloud Computing & IoT Association in Taiwan, Vice Chairman and Executive Director of Digital Transformation Association, director of National Information Infrastructure Enterprise Promotion Association	1. Concurrently President of the Company, a managerial officer. 2. Concurrently a director of an affiliate of the Company (100% subsidiary). 3. A relative within the second degree of kinship of director Jui-Fu Liu. 4. The independence requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission has been met.	0
Director Po-Wen Wang	Major education: Department of Science and Management, Graduate Institute of Business Administration, National Chengchi University Major experience: Deputy Director of Engineering Development Office, National Chung-Shan Institute of Science & Technology	The independence requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission has been met.	0
Director Chih-Chun Liu	Major education: Computer Animation Department, San Francisco University of the Arts Major experience: Supervisor of SYSCOM COMPUTER ENGINEERING CO., supervisor of Welida Investment Co., Ltd.	1. Concurrently supervisor of affiliates of the Company. 2. Natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 shareholders in the name of itself. 3. A relative within the second degree of kinship of director Jui-Fu Liu. 4. A supervisor of a company with which the Company has business dealings. 5. The independence requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission has been met.	0
Independent Director Che-Fu Kung	Major education: Department of International Trade, Tunghai University Major experience: Member of the Remuneration Committee of the Company and Assistant VP of WUS PRINTED CIRCUIT CO., LTD. With work experience in commerce and related areas required for the Company's business.	The three independent directors of the Company have met the qualifications set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission during the two years prior to their election and during their terms of office, and all of the independent directors have been granted the right to participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, so that they can independently perform the relevant duties and responsibilities.	0
Independent Director Wang-Ying Yu	Major education: Department of International Trade, National Taipei College of Business Major experience: Member of the Remuneration Committee of SYSCOM COMPUTER ENGINEERING CO., Manager of Finance Department, Manager of Sales Department, Marketing Division, and Assistant Manager of Administration Department, DOUBLE CRANE ENTERPRISE CO., LTD. With more than 5 years of work experience in commerce, financial, accounting or related areas required for the Company's business		0
Independent Director Chung-Lieh Kuo	Major education: Department of Business Administration, Chung Hua University Major experience: Member of the Remuneration Committee of the Company and Manager of Orient Semiconductor Electronics, Ltd. With work experience in related areas required for the Company's business		0

(V) Diversity and independence of the Board of Directors:

1. Diversity of the Board of Directors:

- (1) The Company has established the "Corporate Governance Best Practice Principles" and the composition of the Board of Directors is determined by taking into consideration the diversity of the Board of Directors, the members of which not only possess the knowledge, skills and qualities necessary to perform their duties, but also have diverse backgrounds in industry, academia and knowledge. Please refer to (IV) Disclosure of professional qualifications of directors and independence of independent directors for their educations and experiences. At present, individual directors of the Company carry through the policy of diversity of board members as follows, mainly including:

- A. Basic criteria and values of directors, including gender, age, nationality, and culture, etc.
 B. Directors' professional knowledge and skills, including professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.
 C. Directors' abilities include operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspective, leadership, and decision-making ability.

(2) Implementation status of the diversity of board members:

(2) Implementation status of the diversity of board members.																	
Core items of diversity Director Name	Basic composition								Professional ability								
	Nationality	Gender	Concurrently serving the Company as an employee	Age				Tenure as an independent director		The ability to make judgments about operations.	Accounting and financial analysis ability.	Business management ability.	Crisis management ability.	Industry knowledge	International market perspective.	Leadership	Decision making ability
				41 to 50	51 to 60	61 to 70	71 to 80	Less than 3 years	3 to 9 years								
Jui-Fu Liu	R.O.C.	Male	V				V			V	V	V	V	V	V	V	V
Jui-Long Liu	R.O.C.	Male	V			V				V	V	V	V	V	V	V	V
Po-Wen Wang	R.O.C.	Male					V			V	*	V	V	V	V	V	V
Chih-Chun Liu	R.O.C.	Female		V						V	*	V	V	V	V	V	V
Che-Fu Kung	R.O.C.	Male				V			V	V	*	V	V	V	V	V	V
Wang-Ying Yu	R.O.C.	Female				V			V	V	V	V	V	V	V	V	V
Chung-Lieh Kuo	R.O.C.	Male				V		V		V	*	V	V	V	V	V	V

Note: * means with partial ability

- (3) The Company's Board of Directors has seven seats, of which three are independent directors and two are concurrently managerial officers of the Company, representing 29% of the total number of directors. No more than one-third of the directors are concurrently managerial officers of the Company. Nor more than half of the directors are spouses or relatives within second degree of kinship of each other. The percentage of independent directors is 43%. Two independent directors have a tenure of 3 to 9 years, and one independent director has a tenure of less than 3 years. Two of the Company's directors are aged 71 or older, four are aged 61 to 70, and one is aged 41 to 50. The Company has two female directors and the percentage of female directors is 29%. Already reached the goal of increasing to more than 25% , The Company aims to increase the number of female directors to more than one-third in the future.

2. Independence of the Board of Directors:

- (1) The Board of Directors of the Company exercises its authorities and responsibilities under the corporate governance system in accordance with laws and regulations, the Articles of Incorporation or resolutions of the shareholders' meeting. Directors and the three independent directors are independent in exercising their authorities and responsibilities in accordance with the relevant laws and regulations and leverage the Audit Committee's authorities and responsibilities to oversee the effective implementation of the Company's internal controls, the appointment and independence of attesting certified public accountants and the proper preparation of financial statements.
- (2) The procedures for the election of all directors of the Company are open and fair, and comply with the Company's "Articles of Incorporation", the "Regulations Governing the Election of Directors", the "Corporate Governance Best Practice Principles", the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", and Article 14-2 of the "Securities and Exchange Act". The current Board of Directors has seven seats. No more than one-third of the directors are concurrently managerial officers of the Company. Nor more than half of the directors are spouses or relatives within second degree of kinship of each other.
- (3) The Company has three independent directors, accounting for 43% of all directors. None of the three independent directors has served for more than nine consecutive years. The requirements for independent directors set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission has been met by the independent directors of the Company.

(VI)President, vice president, assistant VP, heads of departments and branches

As of April 15, 2023

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Chief Strategy Officer	R.O.C.	Jui-Fu Liu	Male	2005.08.01	18,346,787	18.35	8,432,001	8.43	0	0	Department of Electrical Engineering, National Cheng Kung University Honorary Doctorate, National Dong Hwa University Chairman of the Taipei Computer Association	Note 1	President	Jui-Long Liu	Bothers	-
President	R.O.C.	Jui-Long Liu	Male	1993.11.08	402,562	0.40	0	0	0	0	Institute of Management Science, National Chiao Tung University Lecturer of Tamkang University President of Information Service Industry Association of R.O.C.	Note 2	Chief Strategy Officer	Jui-Fu Liu	Bothers	-
Vice President	R.O.C.	Chin-Hsiang Hsu	Male	2002.01.18	8,962	0.01	0	0	0	0	Department of Electrical Engineering, Tatung Institute of Technology President of QUARTIC TECHNOLOGY CO., LTD.	Note 3	None	None	None	-
Vice President	R.O.C.	Chao-Lai Wu	Male	2002.01.18	0	0	0	0	0	0	Department of Electronic Engineering, Minghsin College of Science and Technology Engineer of AN PEI ENTERPRISE CO., LTD.	None	None	None	None	-
Vice President	R.O.C.	Anthony Tseng	Male	2007.06.01	977	0	102	0	0	0	Department of Electricity and Information Technology, National Taipei College of Business	Note 4	None	None	None	-
Vice President	R.O.C.	Chen-Huan Li	Male	2007.06.01	13,689	0.01	0	0	0	0	Department of Electronic Engineering Technology, National Taiwan University of Science and Technology	None	None	None	None	-
Vice President	R.O.C.	Chun-Cheng Li	Male	2011.01.01	11,805	0.01	0	0	0	0	Department of Electronic Engineering Technology, National Taiwan Institute of Science and Technology	None	None	None	None	-
Vice President	R.O.C.	Kuei-Sheng Yuan	Male	2016.06.01	4,000	0	0	0	0	0	Defense Management Information Course, National Defense Management College President of Dreammap Technologies Co., Ltd.	None	None	None	None	-
Vice President	R.O.C.	Shun-Liang Hsieh	Male	2013.03.22	0	0	0	0	0	0	Department of Civil Engineering, Tamkang University	None	None	None	None	-
Vice President	R.O.C.	Bing-Sen Su	Male	2013.03.22	66,851	0.07	487	0	0	0	Department of Business Mathematics, Soochow University	Note 5	None	None	None	-
Vice President	R.O.C.	Chin-Fen Wu	Female	2015.03.26	1,552	0	0	0	0	0	Bellevue University MBA	None	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Vice President	R.O.C.	Nai-Cheng Cheng	Male	2017.06.26	0	0	0	0	0	0	Institute of Management Science, Tamkang University President of Business Group I, RING LINE CORP.	None	None	None	None	-
Vice President	R.O.C.	Tsan-Chang Li	Male	2020.07.01	0	0	0	0	0	0	Department of Electronics, Tunghai University Product Manager of Taiwan Branch, Diebold corp Sales Division Chief of SYSTEX Corporation	Note 6	None	None	None	-
Sales Vice President	R.O.C.	Li-Chang Wu	Male	2010.11.19	7,543	0.01	0	0	0	0	Department of Computer Science, Feng Chia University	None	None	None	None	-
Project Vice President	R.O.C.	Yen-Nien Hu	Male	2018.08.15	0	0	0	0	0	0	Graduate School of Business Administration, Da-Yeh University Division Chief of Veterans Affairs Council	None	None	None	None	-
Sales Vice President	R.O.C.	Yu-Lung Hsueh	Male	2019.05.10	0	0	0	0	0	0	Master of Business Administration, National Sun Yat-sen University	None	None	None	None	-
Sales Vice President	R.O.C.	Cheng-Tung Ko	Male	2020.03.01	1,027	0	937	0	0	0	Department of Business Administration, Tunghai University	None	None	None	None	-
Sales Vice President	R.O.C.	Hsu-Hung Chen	Male	2022.01.01	0	0	0	0	0	0	Master of Business Administration, National Chengchi University, Master of Business Administration, Tatung University Senior Division Chief of RING LINE CORP.	None	None	None	None	-
Sales Vice President	R.O.C.	Kuang-Keng Liang	Male	2022.01.17	0	0	0	0	0	0	Department of Electrical Engineering, National Taipei University of Technology	None	None	None	None	-
Sales Vice President	R.O.C.	Shu-Ching Lin	Female	2022.07.01	941	0	0	0	0	0	Department of Business Administration, National Taipei College of Business,	None	None	None	None	-
Sales Vice President	R.O.C.	Ming-Feng Li	Male	2022.07.11	0	0	0	0	0	0	Department of Computer Engineering, Tamkang University Manager of Alcatel-Lucent Enterprise Taiwan	None	None	None	None	-
Chief Technology Officer	R.O.C.	Ching-Tzu Shih	Male	2005.06.01	2,552	0	0	0	0	0	Department of Electrical Engineering, Chung Yuan Christian University Engineer of TAI TIEN ELECTRIC CO., LTD.	Note 7	None	None	None	-
Principal Division Chief	R.O.C.	Jia-Chang Chang	Male	2005.06.01	0	0	0	0	0	0	Department of Shipbuilding, National Taiwan Ocean University Completed the third programming session of programming class of the Youth Development Administration	Note 8	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Chief R&D Officer	R.O.C.	Tsai-Cheng Chen	Male	2005.06.01	0	0	0	0	0	0	Department of Information Science, National Chiao Tung University	None	None	None	None	-
Principal Division Chief	R.O.C.	Tsai-Chi Sung	Male	2005.06.01	17,360	0.02	0	0	0	0	Department of Electronics, Minghsin College of Science and Technology	Note 9	None	None	None	-
Principal Division Chief	R.O.C.	Chih-Wei Wen	Male	2005.06.01	0	0	0	0	0	0	Department of Electrical Engineering, National Tsing Hua University	None	None	None	None	-
Chief Finance Officer	R.O.C.	Li-Chueh Du	Female	2000.06.19	13,793	0.01	0	0	0	0	Department of Statistics and Accounting, National Taipei College of Business,	None	None	None	None	-
Principal Division Chief	R.O.C.	Ming-Kun Lin	Male	2005.06.01	0	0	0	0	0	0	Institute of Information Engineering, Tamkang University	None	None	None	None	-
Principal Division Chief	R.O.C.	Chien-Yi Li	Male	2005.06.01	0	0	0	0	0	0	Department of Information Engineering, National Chiao Tung University	None	None	None	None	-
Principal Division Chief	R.O.C.	Chih-Chung Chen	Male	2005.06.01	4,750	0	0	0	0	0	Department of Mathematics, Tamkang University	Note 10	None	None	None	-
Principal Division Chief	R.O.C.	Feng-Lin Yen	Male	2005.06.01	500	0	0	0	0	0	Department of Information Management, Providence University	None	None	None	None	-
Senior Assistant VP	R.O.C.	Mao-Ming Wang	Male	2006.04.17	0	0	0	0	0	0	Department of Mechanics, Army Academy R.O.C.	None	None	None	None	-
Principal Division Chief	R.O.C.	Ta-Yu Teng	Male	2007.02.01	21,842	0.02	0	0	0	0	Department of Electronical Engineering, Tamkang University	None	None	None	None	-
Principal Division Chief	R.O.C.	Po-Shu Hsueh	Male	2007.03.01	0	0	0	0	0	0	Department of Electronical Engineering, National Chiao Tung University	None	None	None	None	-
Assistant VP	R.O.C.	Kai-Tsung Wang	Male	2007.10.01	470	0	0	0	0	0	MS in Information Management, New York Institute of Technology	None	None	None	None	-
Principal Division Chief	R.O.C.	Cheng-Wu Shao	Male	2007.10.01	0	0	0	0	0	0	Institute of Information Engineering, National Chiao Tung University	Note 11	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Senior Assistant VP	R.O.C.	Mei-Ling Yang	Female	2009.04.01	6,601	0.01	0	0	0	0	Department of Electronic Data Management, Ming Chuan University	None	None	None	None	-
Senior Division Chief	R.O.C.	Wen-Hsiung Yeh	Male	2009.06.01	175	0	0	0	0	0	Department of Mechanical Engineering, Chung Yuan Christian University	None	None	None	None	-
Principal Division Chief	R.O.C.	Kun-Ting Chiu	Male	2010.01.07	6,421	0.01	0	0	0	0	Department of Information Management, National Central University	Note 12	None	None	None	-
Division Chief	R.O.C.	Yen-Mei Lin	Female	2010.02.01	0	0	0	0	0	0	Department of International Trade, Tamkang University	None	None	None	None	-
Principal Division Chief	R.O.C.	Yung-Chen Yang	Female	2010.04.01	36,340	0.04	617	0	0	0	Department of Business Administration, Providence University	None	None	None	None	-
Division Chief	R.O.C.	Shu-Hua Liu	Female	2010.10.01	2,962	0	0	0	0	0	Department of Statistics and Accounting, Takming College of Business,	None	None	None	None	-
Principal Division Chief	R.O.C.	Chao-Yi Wu	Male	2011.01.17	0	0	0	0	0	0	Department of Electronic Engineering, National Taipei Institute of Technology	Note 13	None	None	None	-
Senior Assistant VP	R.O.C.	Hung-Chun Chao	Male	2011.06.07	500	0	1,000	0	0	0	Department of Psychology, Chung Yuan Christian University	None	None	None	None	-
Division Chief	R.O.C.	Wen-Ching Tsai	Male	2011.07.01	0	0	0	0	0	0	Institute of Information Engineering, National Taiwan University	None	None	None	None	-
Senior Assistant VP	R.O.C.	Chun-Yi Chao	Female	2011.07.04	0	0	0	0	0	0	Kao Yuan Technical College Project Manager of SYSTEX Corporation	None	None	None	None	-
Senior Division Chief	R.O.C.	Chia-Yuan Yeh	Male	2011.07.05	4,362	0	0	0	0	0	Institute of Information Management, National Central University	None	None	None	None	-
Division Chief	R.O.C.	Chia-Ru Liu	Male	2012.03.21	369	0	0	0	0	0	Institute of Traffic and Transportation Studies, National Chiao Tung University	None	None	None	None	-
Principal Division Chief	R.O.C.	Te- Li Chen	Male	2012.03.21	2,221	0	0	0	0	0	Department of Electric Engineering, National Taipei University of Technology	None	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Principal Division Chief	R.O.C.	Yi-Lun Wang	Male	2012.03.21	1,000	0	1,108	0	0	0	Institute of Business Administration, National Taipei University of Technology	None	None	None	None	-
Division Chief	R.O.C.	Chi-An Hsueh	Male	2012.03.21	3,409	0	1,199	0	0	0	Institute of Information Management, National Sun Yat-sen University	None	None	None	None	-
Division Chief	R.O.C.	Chi-Hsiang Tang	Male	2012.08.27	0	0	0	0	0	0	Institute of Electrical Engineering, National Taiwan University of Science and Technology	None	None	None	None	-
Division Chief	R.O.C.	Nai-Fang Cheng	Female	2012.08.27	0	0	0	0	0	0	Department of Foreign Languages, National Taiwan University	None	None	None	None	-
Senior Assistant VP	R.O.C.	Yao-Chang Chen	Male	2012.08.27	0	0	0	0	0	0	Department of Information Science, Chinese Culture University	None	None	None	None	-
Principal Division Chief	R.O.C.	Yi-Ming Chang	Male	2012.08.27	4,991	0	0	0	0	0	Department of Information Engineering, Tamkang University	None	None	None	None	-
Division Chief	R.O.C.	Cheng-Yu Li	Male	2013.03.22	0	0	0	0	0	0	Master Program of Information Engineering, National Taipei University of Technology	None	None	None	None	-
Senior Assistant VP	R.O.C.	Chia-Ching Li	Female	2013.03.22	1,000	0	0	0	0	0	Department of Business Management Technology, National Taiwan University of Science and Technology	None	None	None	None	-
Senior Assistant VP	R.O.C.	Tsang-Sung He	Male	2013.03.22	0	0	0	0	0	0	Institute of Management Studies, I-SHOU University	None	None	None	None	-
Principal Division Chief	R.O.C.	Huang-Hsiang Yang	Male	2013.05.09	0	0	0	0	0	0	University of San Francisco MBA	None	None	None	None	-
Division Chief	R.O.C.	Wen-Po Hsu	Female	2013.08.12	0	0	0	0	0	0	Department of Industrial Management, Huaan University	None	None	None	None	-
Division Chief	R.O.C.	Erh-Wei Dai	Male	2013.08.12	0	0	0	0	0	0	Department of Mathematics, Fu Jen Catholic University	None	None	None	None	-
Principal Division Chief	R.O.C.	Hui-Yi Lin	Male	2013.08.12	12,000	0.01	0	0	0	0	Institute of Information Engineering, Feng Chia University	None	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Senior Assistant VP	R.O.C.	Tien-Chih Yen	Male	2014.03.28	0	0	0	0	0	0	Department of Information Management, Southern Taiwan University of Science and Technology	None	None	None	None	-
Assistant VP	R.O.C.	Hao-Cheng Yang	Male	2014.03.28	0	0	0	0	0	0	Department of Mechanical Engineering, National Taipei Institute of Technology	None	None	None	None	-
Principal Division Chief	R.O.C.	Wan-Tan Lin	Male	2014.03.28	0	0	0	0	0	0	Department of Information Management, Fu Jen Catholic University	Note 14	None	None	None	-
Principal Division Chief	R.O.C.	Fu-Chien Cheng	Male	2014.03.28	0	0	0	0	0	0	Institute of Information Management, National Sun Yat-sen University	None	None	None	None	-
Division Chief	R.O.C.	Hung-Yi Lin	Male	2014.03.28	3,545	0	0	0	0	0	Department of Electronic Engineering Technology, National Taiwan Institute of Science and Technology	None	Division Chief	Mei-Feng Chang	Man and wife	-
Division Chief	R.O.C.	Chiung-We Hsu	Female	2014.03.28	0	0	0	0	0	0	Department of Electricity and Information Technology, National Taipei College of Business	None	None	None	None	-
Principal Division Chief	R.O.C.	Chiu-Jung Chiang	Female	2014.05.09	3,937	0	0	0	0	0	Department of Cooperative Economics, Tamkang University Leader of Information Office, Guo Bao Securities	None	None	None	None	-
Senior Assistant VP	R.O.C.	Shih-Fang Chang	Female	2015.02.06	0	0	0	0	0	0	Department of International Trade, Chihlee College of Technology Project Manager of DIMERCO DATA SYSTEM CORPORATION	None	None	None	None	-
Senior Assistant VP	R.O.C.	Chia-Hsu Hsiao	Male	2015.02.13	0	0	0	0	0	0	Department of Electronical Engineering, Chung Yuan Christian University Division Chief of Enterprise Business Group, Dimension Data	None	None	None	None	-
Assistant VP	R.O.C.	Li-Chun Lin	Male	2015.03.26	0	0	0	0	0	0	MS in Information Management, National Taiwan University of Science and Technology	None	None	None	None	-
Principal Division Chief	R.O.C.	Rui-Ching Lin	Male	2015.03.26	0	0	0	0	0	0	Institute of Business Administration, Tunghai University	None	None	None	None	-
Division Chief	R.O.C.	Mei-Feng Chang	Female	2015.04.01	0	0	3,545	0	0	0	National Chin-Yi College of Technology	None	Division Chief	Hung-Yi Lin	Man and wife	-
Senior Division Chief	R.O.C.	Chih-Cheng Lin	Male	2015.05.08	0	0	0	0	0	0	Department of Information Management, National Central University	None	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Project Division Chief	R.O.C.	Kang-Yuan Fan	Male	2015.10.26	500	0	0	0	0	0	Department of Mathematics, Tamkang University	None	None	None	None	-
Assistant VP	R.O.C.	Wei-Min Chen	Male	2015.11.10	0	0	371	0	0	0	Department of Information Engineering, Feng Chia University	None	None	None	None	-
Division Chief	R.O.C.	Wei-Jen Cheng	Male	2016.05.09	0	0	0	0	0	0	Department of Applied Mathematics, National Sun Yat-sen University Assistant VP, HWACOM SYSTEMS INC.	None	None	None	None	-
Acting Assistant VP	R.O.C.	Chin-Yu Chen	Female	2016.08.08	0	0	0	0	0	0	Department of Economics, Chinese Culture University Sales Manager of Howard Hotels	None	None	None	None	-
Senior Division Chief	R.O.C.	Yu-Ting Tseng	Female	2016.11.08	0	0	0	0	0	0	Institute of Telecommunications, National Taiwan University Leader of Network Maintenance Division, Taiwan Fixed Network Co., Ltd.	None	None	None	None	-
Assistant VP	R.O.C.	Yi-Chun Liu	Male	2017.02.15	165	0	0	0	0	0	Department of Industrial Design, Ming Chi College of Technology Angroup Technology Co., Ltd.	None	None	None	None	-
Project Division Chief	R.O.C.	Yen-Fu Chou	Male	2017.02.20	0	0	0	0	0	0	Department of Electrical Engineering, 2-Year Diploma, Taipei City University of Science and Technology	None	None	None	None	-
Principal Division Chief	R.O.C.	Chin-Yi Liao	Male	2017.03.01	0	0	0	0	0	0	Department of Electronic Engineering, Minghsin College of Science and Technology Project Assistant VP of Systex Solutions Corporation	None	None	None	None	-
Division Chief	R.O.C.	Chun-Feng Lin	Male	2017.04.01	0	0	0	0	0	0	In-service Program, Institute of Health Management, Asia University Department of Information Management, Chung Yuan Christian University	None	None	None	None	-
Project Assistant VP	R.O.C.	Chun-Hua Liu	Male	2017.05.10	437	0	0	0	0	0	Institute of Electrical Engineering, National Chung Hsing University	None	None	None	None	-
Project Assistant VP	R.O.C.	Chung-Chieh Wu	Male	2017.07.11	0	0	0	0	0	0	Department of Information Science, Chinese Culture University Vice President of INPRO TECHNOLOGIES CORP.	None	None	None	None	-
Assistant VP	R.O.C.	Hung-Yu Hsu	Male	2017.07.20	0	0	0	0	0	0	MS of Institute of National Defense Information, National Defense Management College Deputy Researcher of Cybersecurity Office, National Security Council.	None	None	None	None	-
Principal Division Chief	R.O.C.	Min-Chung Huang	Male	2017.08.01	0	0	0	0	0	0	MBA of Institute of Management, National Taipei University of Business	None	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Assistant VP	R.O.C.	Po-Yi Chen	Male	2017.08.11	0	0	0	0	0	0	Department of Applied Mathematics, National Chung Hsing University	None	Project Assistant VP	Jo-Han Hsieh	Man and wife	-
Division Chief	R.O.C.	Kuan-Chih Chen	Male	2017.08.11	0	0	0	0	0	0	Department of Business Administration, Chung Hua University	None	None	None	None	-
Division Chief	R.O.C.	Chun-Fu Yang	Male	2017.08.11	0	0	0	0	0	0	EMBA of National Taipei University of Business	None	None	None	None	-
Division Chief	R.O.C.	Ta-Jen Hsu	Male	2017.08.11	0	0	0	0	0	0	MS in Electric Engineering, National Kaohsiung University of Science and Technology	None	None	None	None	-
Division Chief	R.O.C.	Chung-Chun Lin	Male	2017.08.11	2,663	0	0	0	0	0	Department of Electronic Engineering, Asia Eastern College of Science and Technology	None	None	None	None	-
Senior Division Chief	R.O.C.	Tai-Yuan Hu	Male	2017.11.01	0	0	0	0	0	0	Institute of Information Engineering, Tamkang University Manager of Development Department, MODERN TIMES FINANCIAL INFORMATION CO., LTD.	None	None	None	None	-
Division Chief	R.O.C.	Shu-Chuan Chiu	Female	2017.11.10	0	0	0	0	0	0	Department of Chinese, National Sun Yat-sen University	None	None	None	None	-
Project Assistant VP	R.O.C.	Yung-Kang Chang	Male	2018.05.21	0	0	0	0	0	0	Department of Information Management, Minghsin University of Science and Technology	None	None	None	None	-
Division Chief	R.O.C.	Meng-Hung Pan	Male	2018.07.01	0	0	0	0	0	0	Department of Information Management, Chaoyang University of Technology	None	None	None	None	-
Division Chief	R.O.C.	Fan-Ying Chang	Male	2018.08.09	0	0	0	0	0	0	Department of Electronics, National Taipei Institute of Technology	None	None	None	None	-
Division Chief	R.O.C.	Yu-Hsiang Lin	Male	2018.08.09	0	0	0	0	0	0	Department of Information Engineering, Feng Chia University	None	None	None	None	-
Division Chief	R.O.C.	Yu-Chung Huang	Male	2018.08.09	0	0	0	0	0	0	Department of Electronics, Asia Eastern College of Science and Technology	None	None	None	None	-
Assistant VP	R.O.C.	Yu-Kang Tseng	Male	2018.08.09	0	0	0	0	0	0	Department of Mechanical Engineering, Lee-Ming Institute of Technology Sales Manager of CHUNG HWA EXCHANGE NETWORK INC.	Note 15	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Project Division Chief	R.O.C.	Tsang-Wei Chang	Male	2018.10.09	0	0	0	0	0	0	EMBA of Information Management Group, National Chengchi University Chief of Electrical and Mechanical Engineering Division, CHUNGWA SYSTEM INTEGRATION CO., LTD.	None	None	None	None	-
Senior Division Chief	R.O.C.	Wei-Pi Chou	Male	2019.01.31	1,500	0	0	0	0	0	Institute of Information Management, National Taiwan Institute of Science and Technology	None	None	None	None	-
Assistant VP	R.O.C.	Cheng-We Hung	Male	2019.04.01	0	0	0	0	0	0	Institute of Electric Commerce, National Chung Hsing University	None	None	None	None	-
Division Chief	R.O.C.	Chun-Tzu Chen	Female	2019.05.10	0	0	0	0	0	0	Department of International Trade, Feng Chia University Sales Manager of BESTCOM Infotech Corp.	None	None	None	None	-
Assistant VP	R.O.C.	Chiu-Hua Lin	Female	2019.05.10	0	0	0	0	0	0	Department of Industrial Engineering, Chung Yuan Christian University	None	None	None	None	-
Acting Division Chief	R.O.C.	Yi-Hsuan Lai	Female	2019.05.10	3,437	0	0	0	0	0	Department of Electronic Data Management, Overseas Chinese University	None	None	None	None	-
Project Assistant VP	R.O.C.	Hsin-Jung Lu	Female	2019.05.10	0	0	0	0	0	0	Department of German, Tamkang University Sales Manager of Tatung Medical & Healthcare Technologies Co., Ltd.	None	None	None	None	-
Project Assistant VP	R.O.C.	Jo-Han Hsieh	Female	2019.05.10	0	0	0	0	0	0	Department of Information Management, Shih Hsin University	None	Assistant VP	Po-Yi Chen	Man and wife	-
Acting Assistant VP	R.O.C.	Chia-Yu Chen	Male	2019.05.24	500	0	0	0	0	0	Department of Business Administration, Soochow University Engineer of OTUS IMAGING, INC.	None	None	None	None	-
Project Division Chief	R.O.C.	Ta-Chung Kuo	Male	2019.07.01	0	0	0	0	0	0	Institute of Information Management, Fu Jen Catholic University	None	None	None	None	-
Project Division Chief	R.O.C.	Yu-Hsiang Lin	Male	2019.07.01	0	0	0	0	0	0	MS in Information Engineering, National Taipei University of Technology	None	None	None	None	-
Project Division Chief	R.O.C.	Chih-Shan Chen	Male	2020.02.01	0	0	0	0	0	0	Institute of Information Management, Tatung University Project Manager of TATUNG INFOCOMM CO., LTD.	None	None	None	None	-
Division Chief	R.O.C.	Ching-Wang Huang	Male	2020.03.23	0	0	0	0	0	0	MS in Information Network Systems, School of Information Technology, Ming Chuan University Special Program	None	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Division Chief	R.O.C.	Yuan-Chuan Yeh	Male	2020.03.23	0	0	0	0	0	0	Department of Electrical Engineering, St. John's University	None	None	None	None	-
Senior Division Chief	R.O.C.	Che-Zhe Liu	Male	2020.03.23	0	0	0	0	0	0	Department of Medical Administration, Chang Gung University	None	None	None	None	-
Project Assistant VP	R.O.C.	Yung-Pin Du	Male	2020.05.04	527	0	0	0	0	0	Department of Molecular Science and Engineering, , National Taipei University of Technology Radware Ltd.	None	None	None	None	-
Division Chief	R.O.C.	Hsiang-Teng Yeh	Male	2020.11.10	0	0	0	0	0	0	Department of Computer Engineering, National Chiao Tung University	None	None	None	None	-
Project Division Chief	R.O.C.	Ching-Hsun Hou	Male	2021.02.01	0	0	0	0	0	0	Department of English, Fu Jen Catholic University	None	None	None	None	-
Division Chief	R.O.C.	Yu-Na Chiu	Female	2021.03.18	0	0	0	0	0	0	MS in Health Management, Asia University Specialist of Medical Information Management Division, Benq Hospital, China	None	None	None	None	-
Division Chief	R.O.C.	Chih-Kai Hsu	Male	2021.03.18	0	0	0	0	0	0	Department of Medical Technology, National Taiwan University Chief Technology Officer of COMM VERGE SOLUTIONS (Taiwan)	None	None	None	None	-
Corporate Governance Officer	R.O.C.	Chun-Yen Chen	Female	2021.03.18	486	0	5,000	0	0	0	Department of Accounting, National Cheng Kung University Senior Auditor of Deloitte & Touche	None	None	None	None	-
Division Chief	R.O.C.	Shan-Mao Cheng	Female	2021.05.12	1,928	0	680	0	0	0	Department of Public Finance and Taxation, National Chung Hsing University Chief Accountant of YING-LU ENTERPRISE CO., LTD.	None	None	None	None	-
Assistant VP	R.O.C.	Ying-Ya Wang	Female	2021.05.12	0	0	0	0	0	0	Department of Philosophy, National Chengchi University	None	None	None	None	-
Assistant VP	R.O.C.	Chen-Kai Hua	Male	2021.05.12	0	0	0	0	0	0	Department of Business Administration, Ming Chuan University Sales of BESTCOM Infotech Corp.	None	None	None	None	-
Acting Assistant VP	R.O.C.	Yu-Hsuan Kuo	Male	2021.05.12	0	0	0	0	0	0	MSFE of West Texas A&M University	None	None	None	None	-
Project Assistant VP	R.O.C.	Hsuan-Fa Huang	Male	2021.05.12	0	0	0	0	0	0	Department of Information Management, China College of Commerce and Industry Manager of Marketing and Sales Department, Great Taipei Broadband Co., Ltd.	None	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Project Assistant VP	R.O.C.	Kuo-Shu Hsu	Male	2021.05.12	0	0	0	0	0	0	Department of Social Psychology, Shih Hsin University Sales Manager of RING LINE CORP.	None	None	None	None	-
Division Chief	R.O.C.	Yung-Ching Chen	Male	2021.05.12	0	0	0	0	0	0	Department of Chemical Engineering, Tamkang University Vice President of HAUMAI INDUSTRIAL CO., LTD	None	None	None	None	-
Division Chief	R.O.C.	Chung-Yi Lin	Male	2021.05.12	3,316	0	0	0	0	0	Department of Applied Chemistry, Hsiuping University of Science and Technology Senior System Engineer of K WAY INFORMATION CORPORATION	None	None	None	None	-
Division Chief	R.O.C.	Hsin-Yi Li	Female	2021.07.08	20,734	0.02	0	0	0	0	Department of Information Management, Fu Jen Catholic University	None	None	None	None	-
Acting Division Chief	R.O.C.	Yu-Chia Hsiao	Male	2021.07.08	0	0	0	0	0	0	Institute of Medical Information, Taipei Medical University	None	None	None	None	-
Division Chief	R.O.C.	Ting-Jung Chang	Male	2021.08.02	0	0	0	0	0	0	Institute of Information Management, Providence University Vice President of Information Technology Service Department, FINANCIAL eSOLUTION CO., LTD.	None	None	None	None	-
Division Chief	R.O.C.	Chia-Yi Tsao	Male	2021.12.01	0	0	0	0	0	0	Department of Mechanical Engineering, Tamkang University	None	None	None	None	-
Division Chief	R.O.C.	Fu-Yuan Wen	Male	2022.05.11	0	0	0	0	0	0	Institute of Applied Mathematics, Tatung University	None	None	None	None	-
Division Chief	R.O.C.	Yi-Feng Lai	Female	2022.05.11	0	0	0	0	0	0	Institute of Information Management, National Central University	None	None	None	None	-
Project Assistant VP	R.O.C.	Yi-Ling Hsu	Female	2022.06.01	0	0	0	0	0	0	Department of Information Management, Takming University of Science and Technology	None	None	None	None	-
Project Assistant VP	R.O.C.	Hung-Jen Hsiao	Male	2022.06.01	0	0	0	0	0	0	Department of Economics, Fu Jen Catholic University	None	None	None	None	-
Project Assistant VP	R.O.C.	Yi-Cheng Wu	Male	2022.06.01	0	0	0	0	0	0	Department of Information Management, Chinese Culture University	None	None	None	None	-
Project Assistant VP	R.O.C.	Sheng-Yu Chen	Male	2022.06.01	500	0	0	0	0	0	Department of Electronic Engineering, Southern Taiwan University of Science and Technology	None	None	None	None	-
Division Chief	R.O.C.	Ling-Hao Chen	Male	2022.06.20	0	0	0	0	0	0	Department of Electrical Engineering, Feng Chia University Chief Engineer of Taiwan Mobile Co., Ltd.	None	None	None	None	-
Project Division Chief	R.O.C.	Chun-Wen Yu	Male	2022.07.01	0	0	0	0	0	0	Department of Information Communication, Shih Hsin University Engineer of Tuo Wang Co., Ltd.	None	None	None	None	-
Division Chief	R.O.C.	Cheng-Heng Deng	Male	2022.08.10	0	0	40,000	0.04	0	0	Department of Electronic Data Management, Tamsui Institute of Business Administration	None	None	None	None	-
Acting Assistant VP	R.O.C.	Ying-Ying Hsu	Female	2022.08.22	0	0	0	0	0	0	Department of Bank Insurance, Hungkuo Delin College of Technology Sales Project Manager of DYNASAFE TECHNOLOGIES, INC.	None	None	None	None	-

Job title	Nationality	Name	Gender	Date elected	Number of shares held		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Spouse or relatives within second degree of kinship who are officers of the Company			Remark (Note 16)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Project Division Chief	R.O.C.	Chi-Cheng Chih	Female	2022.09.01	0	0	0	0	0	0	Curtin University W.A. Master of Information System	None	None	None	None	-
Principal Division Chief	R.O.C.	Te-Kuei Chiu	Male	2022.11.01	0	0	0	0	0	0	Department of Aviation, Tamkang University Chief of Technology Division, SYSTEX Corporation	None	None	None	None	-
Division Chief	R.O.C.	Hung-Jui Hsieh	Male	2023.03.17	0	0	0	0	0	0	Department of Information Management, National Kaohsiung University of Science and Technology Deputy Manager, Information Technology Department, Entie Commercial Bank	None	None	None	None	-
Division Chief	R.O.C.	Zhong-Yan Wu	Male	2023.03.17	0	0	0	0	0	0	Department of Internet Technology, Yuan Ze University	None	None	None	None	-
Division Chief	R.O.C.	Hao-Fan Liu	Male	2023.03.17	0	0	0	0	0	0	Department of Computer Science & Information Engineering, Ming Chuan University	None	None	None	None	-
Division Chief	R.O.C.	Chiung-Ying Tai	Female	2023.03.22	1,000	0	0	0	0	0	Department of Information Management, Fu Jen Catholic University	None	None	None	None	-
Acting Division Chief	R.O.C.	Yao-Jen Yeh	Male	2023.03.27	0	0	0	0	0	0	EMBA, Royal Roads University Architect, IBM; CTO/Vice President, Infoarchi Information Co., Ltd.	None	None	None	None	-

Note 1: Director of CASEMaker, Inc., director of ACTISYS INTERNATIONAL CORPORATION

Note 2: President of CASEMaker Inc.

Note 3: Director of Syscom Computer(Thailand)Co., Ltd.

Note 4: Legal representative of the director of Cloudmaster Co., Ltd.

Note 5: Chairman of Furlly Investment Co., Ltd.

Note 6: Legal representative of the director of Syscom Computer(Shenzhen)Co., Ltd., legal representative of the director of Xian Linan Computer Co., Ltd.

Note 7: Legal representative of the director of Netmaker Technology Co., Ltd.

Note 8: Supervisor of Wisemaker Technology Co.

Note 9: Legal representative of the director of Netmaker Technology Co., Ltd.

Note 10: Legal representative of the director of Coach Technology Management Inc.

Note 11: Legal representative of the director of Wisemaker Technology Co.

Note 12: Legal representative of the director of SYSCOM INTERNATIONAL INC., supervisor of Cloudmaster Co., Ltd., supervisor of CloudMaster Japan Co., Ltd.

Note 13: Supervisor of Netmaker Technology Co., Ltd.

Note 14: Legal representative of the director of Wisemaker Technology Co., director of Coach Technology Management Inc., chairman of Cloudmaster Co., Ltd.

Note 15: Supervisor of Syscom Computer(Shenzhen)Co., Ltd.

Note 16: If the president or equivalents (the top managerial officer) and the chairman of the Company are the same person, each other's spouse or relative within first degree of kinship, the reason, rationality, necessity, countermeasures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be described: No such situation.

III. Remuneration paid to directors (including independent directors), president and vice president for the most recent fiscal year

(I) Remuneration to directors (including independent directors)

Unit: Thousands of NTD

Job title	Name	Remuneration for directors								Total Remuneration (A+ B+ C+ D) and as a % of the net profit after tax		Remuneration for concurrent position as an employee								Total Remuneration (A+ B+ C+ D+E+F+G) and as a % of the net profit after tax		Remuneration from investees outside subsidiaries or from the parent company
		Base remuneration (A)		Severance and pension (B)		Profit-sharing remuneration for directors (C)		Business execution expenses (D)				Salary, bonus, allowance (E)		Severance and pension (F)		Profit-sharing remuneration for employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash amount	Stock amount	Cash amount	Stock amount			
Director	Jui-Fu Liu	480	480	0	0	0	0	24	24	504	504	7,507	8,079	0	0	49	0	49	0	8,060	8,632	None
	Jui-Long Liu																					
	Po-Wen Wang																					
	Chih-Chun Liu																					
Independent Director	Wang-Ying Yu	360	360	0	0	0	0	45	45	405	405	0	0	0	0	0	0	0	405	405	None	
	Che-Fu Kung																					
	Chung-Lieh Kuo																					

- Please describe the policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors:
Remuneration for the Company's independent directors is determined in accordance with the Company's Articles of Incorporation and the remuneration system for directors, members of functional committees and managerial officers, with reference to the extent of the directors' participation in the Company's operations and the value of their contributions, as well as the usual standards in the industry. The Company's independent directors are currently paid only with the fixed monthly salary, travel expenses or attendance fees, and no variable remuneration.
- Except as disclosed above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the most recent year: None.

Remuneration range table

Remuneration range paid to each director of the Company	Name of director			
	Sum of the preceding four types of remunerations (A+B+C+D)		Sum of the preceding seven types of remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Less than \$1,000,000	Jui-Fu Liu, Jui-Long Liu, Po-Wen Wang, Chih-Chun Liu, Wang-Ying Yu, Che-Fu Kung, Chung-Lieh Kuo	Jui-Fu Liu, Jui-Long Liu, Po-Wen Wang, Chih-Chun Liu, Wang-Ying Yu, Che-Fu Kung, Chung-Lieh Kuo	Po-Wen Wang, Chih-Chun Liu, Wang-Ying Yu, Che-Fu Kung, Chung-Lieh Kuo	Po-Wen Wang, Chih-Chun Liu, Wang-Ying Yu, Che-Fu Kung, Chung-Lieh Kuo
\$1,000,000 (inclusive)~\$2,000,000 (exclusive)	None	None	None	None
\$2,000,000 (inclusive)~3,500,000 (exclusive)	None	None	Jui-Fu Liu	Jui-Fu Liu
\$3,500,000 (inclusive)~\$5,000,000 (exclusive)	None	None	Jui-Long Liu	Jui-Long Liu
\$5,000,000 (inclusive)~\$10,000,000 (exclusive)	None	None	None	None
\$10,000,000 (inclusive)~\$15,000,000 (exclusive)	None	None	None	None
\$15,000,000 (inclusive)~\$30,000,000 (exclusive)	None	None	None	None
\$30,000,000 (inclusive)~\$50,000,000 (exclusive)	None	None	None	None
\$50,000,000 (inclusive)~\$100,000,000 (exclusive)	None	None	None	None
More than \$100,000,000	None	None	None	None
Total	7 people	7 people	7 people	7 people

(II) Remuneration for president and vice president

Unit: Thousands of NTD

Job title	Name	Salary (A)		Severance and pension (B)		Bonus and allowance, etc. (C)		Profit-sharing remuneration for employees (D)				Total remuneration (A+B+C+ D) and as a % of the net profit after tax (%)		Remuneration from investees outside subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief Strategy Officer	Jui-Fu Liu	59,370	60,993	1,821	1,821	349	349	388	0	388	0	61,928 24.70%	63,551 25.35%	None
President	Jui-Long Liu													
Vice President	Chin-Hsiang Hsu													
Vice President	Chao-Lai Wu													
Vice President	Anthony Tseng													
Vice President	Chen-Huan Li													
Vice President	Chun-Cheng Li													
Vice President	Kuei-Sheng Yuan													
Vice President	Shun-Liang Hsieh													
Vice President	Bing-Sen Su													
Vice President	Chin-Fen Wu													
Vice President	Nai-Cheng Cheng													
Vice President	Tsan-Chang Li													
Sales Vice President	Li-Chang Wu													
Project Vice President	Yen-Nien Hu													
Sales Vice President	Yu-Lung Hsueh													
Sales Vice President	Cheng-Tung Ko													
Sales Vice President	Hsu-Hung Chen (Note 1)													
Sales Vice President	Kuang-Keng Liang (Note 2)													
Sales Vice President	Shu-Ching Lin (Note 3)													
Sales Vice President	Ming-Feng Li (Note 4)													

Note 1: Took office on January 1, 2022.

Note 2: Took office on January 17, 2022.

Note 3: Took office on July 1, 2022.

Note 4: Took office on July 11, 2022.

Remuneration range table

Remuneration range paid to president and vice president	Name of president and vice president	
	The Company	All companies in the financial statements
Less than \$1,000,000	Ming-Feng Li	Ming-Feng Li
\$1,000,000 (inclusive)~\$2,000,000 (exclusive)	None	None
\$2,000,000 (inclusive)~\$3,500,000 (exclusive)	Jui-Fu Liu, Chin-Hsiang Hsu, Anthony Tseng, Li-Chang Wu, Bing-Sen Su, Kuei-Sheng Yuan, Nai-Cheng Cheng, Tsan-Chang Li, Yen-Nien Hu, Yu-Lung Hsueh, Cheng-Tung Ko, Hsu-Hung Chen, Kuang-Keng Liang, Shu-Ching Lin	Jui-Fu Liu, Chin-Hsiang Hsu, Anthony Tseng, Li-Chang Wu, Bing-Sen Su, Kuei-Sheng Yuan, Nai-Cheng Cheng, Yen-Nien Hu, Yu-Lung Hsueh, Cheng-Tung Ko, Hsu-Hung Chen, Kuang-Keng Liang, Shu-Ching Lin
\$3,500,000 (inclusive)~\$5,000,000 (exclusive)	Jui-Long Liu, Chao-Lai Wu, Chen-Huan Li, Chun-Cheng Li, Shun-Liang Hsieh, Chin-Fen Wu	Jui-Long Liu, Chao-Lai Wu, Chen-Huan Li, Chun-Cheng Li, Shun-Liang Hsieh, Chin-Fen Wu, Tsan-Chang Li
\$5,000,000 (inclusive)~\$10,000,000 (exclusive)	None	None
\$10,000,000 (inclusive)~\$15,000,000 (exclusive)	None	None
\$15,000,000 (inclusive)~\$30,000,000 (exclusive)	None	None
\$30,000,000 (inclusive)~\$50,000,000 (exclusive)	None	None
\$50,000,000 (inclusive)~\$100,000,000 (exclusive)	None	None
More than \$100,000,000	None	None
Total	21 people	21 people

(III) Names and distributions of employee profit-sharing remuneration to managerial officers

December 31, 2022
Unit: Thousands of NTD

	Job title	Name	Stock amount	Cash amount	Total	The total as a percentage of net profit after tax (%)
Managerial Officer	Chief Strategy Officer	Jui-Fu Liu	0	2,307	2,307	0.92%
	President	Jui-Long Liu				
	Vice President	Chin-Hsiang Hsu				
	Vice President	Chao-Lai Wu				
	Vice President	Anthony Tseng				
	Vice President	Chen-Huan Li				
	Vice President	Chun-Cheng Li				
	Vice President	Kuei-Sheng Yuan				
	Vice President	Shun-Liang Hsieh				
	Vice President	Bing-Sen Su				
	Vice President	Chin-Fen Wu				
	Vice President	Nai-Cheng Cheng				
	Vice President	Tsan-Chang Li				
	Sales Vice President	Li-Chang Wu				
	Project Vice President	Yen-Nien Hu				
	Sales Vice President	Yu-Lung Hsueh				
	Sales Vice President	Cheng-Tung Ko				
	Sales Vice President	Hsu-Hung Chen				
	Sales Vice President	Kuang-Keng Liang				
	Sales Vice President	Shu-Ching Lin				
	Sales Vice President	Ming-Feng Li				
	Chief Technology Officer	Ching-Tzu Shih				
	Principal Division Chief	Jia-Chang Chang				
	Chief R&D Officer	Tsai-Cheng Chen				
	Principal Division Chief	Tsai-Chi Sung				
	Principal Division Chief	Chih-Wei Wen				
	Chief Finance Officer	Li-Chueh Du				
	Principal Division Chief	Ming-Kun Lin				
	Principal Division Chief	Chien-Yi Li				
	Principal Division Chief	Chih-Chung Chen				
	Principal Division Chief	Feng-Lin Yen				
	Senior Assistant VP	Mao-Ming Wang				
	Principal Division Chief	Ta-Yu Teng				
	Principal Division Chief	Po-Shu Hsueh				
	Assistant VP	Kai-Tsung Wang				

Managerial Officer	Principal Division Chief	Cheng-Wu Shao			
	Senior Assistant VP	Mei-Ling Yang			
	Senior Division Chief	Wen-Hsiung Yeh			
	Principal Division Chief	Kun-Ting Chiu			
	Division Chief	Yen-Mei Lin			
	Principal Division Chief	Yung-Chen Yang			
	Division Chief	Shu-Hua Liu			
	Principal Division Chief	Chao-Yi Wu			
	Senior Assistant VP	Hung-Chun Chao			
	Division Chief	Wen-Ching Tsai			
	Senior Assistant VP	Chun-Yi Chao			
	Senior Division Chief	Chia-Yuan Yeh			
	Division Chief	Chia-Ru Liu			
	Principal Division Chief	Te-Li Chen			
	Principal Division Chief	Yi-Lun Wang			
	Division Chief	Chi-An Hsueh			
	Division Chief	Chi-Hsiang Tang			
	Division Chief	Nai-Fang Cheng			
	Senior Assistant VP	Yao-Chang Chen			
	Principal Division Chief	Yi-Ming Chang			
	Division Chief	Chih-Ping Chou			
	Division Chief	Cheng-Yu Li			
	Senior Assistant VP	Chia-Ching Li			
	Senior Assistant VP	Tsang-Sung He			
	Principal Division Chief	Huang-Hsiang Yang			
	Division Chief	Wen-Po Hsu			
	Division Chief	Erh-Wei Dai			
	Principal Division Chief	Hui-Yi Lin			
	Senior Assistant VP	Tien-Chih Yen			
	Assistant VP	Hao-Cheng Yang			
	Principal Division Chief	Wan-Tan Lin			
	Principal Division Chief	Fu-Chien Cheng			
	Division Chief	Hung-Yi Lin			
	Division Chief	Chiung-We Hsu			
	Principal Division Chief	Chiu-Jung Chiang			
	Senior Assistant VP	Shih-Fang Chang			
	Senior Assistant VP	Chia-Hsu Hsiao			
	Assistant VP	Li-Chun Lin			
	Acting Assistant VP	Chin-Yu Chen			
	Principal Division Chief	Rui-Ching Lin			
	Division Chief	Mei-Feng Chang			
	Senior Division Chief	Chih-Cheng Lin			
	Project Division Chief	Kang-Yuan Fan			
	Assistant VP	Wei-Min Chen			

Managerial Officer	Division Chief	Wei-Jen Cheng				
	Senior Division Chief	Yu-Ting Tseng				
	Assistant VP	Yi-Chun Liu				
	Division Chief	Ling-Hao Chen				
	Project Division Chief	Yen-Fu Chou				
	Principal Division Chief	Chin-Yi Liao				
	Division Chief	Chun-Feng Lin				
	Project Assistant VP	Chun-Hua Liu				
	Project Assistant VP	Chung-Chieh Wu				
	Assistant VP	Hung-Yu Hsu				
	Principal Division Chief	Min-Chung Huang				
	Assistant VP	Po-Yi Chen				
	Division Chief	Kuan-Chih Chen				
	Division Chief	Chun-Fu Yang				
	Division Chief	Ta-Jen Hsu				
	Division Chief	Chung-Chun Lin				
	Senior Division Chief	Tai-Yuan Hu				
	Division Chief	Shu-Chuan Chiu				
	Project Assistant VP	Yung-Kang Chang				
	Division Chief	Hsu-Sheng Kao				
	Division Chief	Meng-Hung Pan				
	Division Chief	Fan-Ying Chang				
	Division Chief	Yu-Hsiang Lin				
	Division Chief	Yu-Chung Huang				
	Assistant VP	Yu-Kang Tseng				
	Project Division Chief	Tsang-Wei Chang				
	Senior Division Chief	Wei-Pi Chou				
	Assistant VP	Cheng-We Hung				
	Division Chief	Chun-Tzu Chen				
	Assistant VP	Chiu-Hua Lin				
	Acting Division Chief	Yi-Hsuan Lai				
	Project Assistant VP	Hsin-Jung Lu				
	Project Assistant VP	Jo-Han Hsieh				
	Acting Assistant VP	Chia-Yu Chen				
	Project Division Chief	Ta-Chung Kuo				
	Project Division Chief	Yu-Hsiang Lin				
	Project Division Chief	Chih-Shan Chen				
	Division Chief	Ching-Wang Huang				
	Division Chief	Yuan-Chuan Yeh				
	Senior Division Chief	Che-Zhe Liu				
	Project Assistant VP	Yung-Pin Du				
	Division Chief	Hsiang-Teng Yeh				
	Project Division Chief	Ching-Hsun Hou				
	Division Chief	Yu-Na Chiu				

Managerial Officer	Division Chief	Chih-Kai Hsu				
	Corporate Governance Officer	Chun-Yen Chen				
	Division Chief	Shan-Mao Cheng				
	Assistant VP	Ying-Ya Wang				
	Assistant VP	Chen-Kai Hua				
	Acting Assistant VP	Yu-Hsuan Kuo				
	Project Assistant VP	Hsuan-Fa Huang				
	Project Assistant VP	Kuo-Shu Hsu				
	Division Chief	Yung-Ching Chen				
	Division Chief	Chung-Yi Lin				
	Division Chief	Hsin-Yi Li				
	Acting Division Chief	Yu-Chia Hsiao				
	Division Chief	Ting-Jung Chang				
	Division Chief	Chia-Yi Tsao				
	Division Chief	Fu-Yuan Wen				
	Division Chief	Yi-Feng Lai				
	Project Assistant VP	Yi-Ling Hsu				
	Project Assistant VP	Hung-Jen Hsiao				
	Project Assistant VP	Yi-Cheng Wu				
	Project Assistant VP	Sheng-Yu Chen				
	Division Chief	Ling-Hao Chen				
	Project Division Chief	Chun-Wen Yu				
	Division Chief	Cheng-Heng Deng				
	Acting Assistant VP	Ying-Ying Hsu				
	Project Division Chief	Chi-Cheng Chih				
	Principal Division Chief	Te-Kuei Chiu				

(IV) Compare and describe the total remuneration paid to directors, supervisors, presidents, and vice presidents in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profit after tax on the parent company only or standalone financial statements, and explain the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks:

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Unit: Thousands of NTD,%

Item Title	The Company				All companies in the consolidated financial statement			
	2021		2022		2021		2022	
	total	to net profit after tax %	total	to net profit after tax %	total	to net profit after tax %	total	to net profit after tax %
Directors	8,227	3.81%	8,465	3.38%	8,765	4.06%	9,037	3.60%
Supervisors	134	0.06%	0	0%	134	0.06%	0	0%
President and vice president	53,712	24.89%	61,928	24.70%	55,716	25.82%	63,551	25.35%
Net profit after tax	215,822	-	250,729	-	215,822	-	250,729	-

Note: The Company replaced supervisors with the Audit Committee from July 29, 2021.

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance:

The remuneration for the above-mentioned personnel is based on the Company's Articles of Incorporation, the "Remuneration System for Directors, Members of Functional Committees and Managerial Officers" and

the Company's measures for determining salaries, and is subject to the Remuneration Committee's review and approval.

- (1) Article 21 of the Company's Articles of Incorporation: If the Company makes a profit in a fiscal year, it shall allocate no less than 3% of the balance as employee remuneration, which shall be distributed in stock or cash as per the resolution by the Board of Directors. The recipients shall include employees of the controlling company or subsidiaries who met certain criteria. The distribution of employee remuneration shall be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it shall reserve an amount to compensate it first and then allocate an amount for employee remuneration according to the percentage set out in the preceding paragraph
- (2) Article 18 of the Company's Articles of Incorporation: The Board of Directors is authorized to determine the remuneration to the Chairperson and directors based on their involvement in the Company's operations, the values of their contributions, and the general standard in the industry. All directors may be paid with honoraria depending on the actual situation.
- (3) The performance evaluation and remuneration for directors and managerial officers shall be handled with reference to the usual level of remuneration in the industry, taking into account the individual's time invested, responsibilities taken, achievement of personal goals, performance in other positions, the remuneration offered by the Company in recent years for the same position, and the achievement of the Company's short-term and long-term business goals and the Company's financial position and the reasonableness of the correlation between personal performance and the Company's operating performance and future risks.
- (4) The Company's directors are currently paid only with the fixed monthly salary, travel expenses or attendance fees, and no variable remuneration.
- (5) In regard to the salary and remuneration for managerial officers of the Company, fixed salaries are determined based on education, work experience, professional skills, job duties, etc. The principles for determining non-fixed salaries are based on the achievement rate of individual performance, the achievement of departmental performance management indicators, and the overall operating performance of the Company, as well as the assessment of the correlation between the external competitive environment, the future development trend of the industry and future risks, with timely review of the salary and remuneration system.
- (6) The Remuneration Committee has reviewed and approved the performance evaluation of the directors and functional committees and the salary and remuneration for managerial officers for 2022, and has submitted the results to the Board of Directors for discussion and approval.

IV. Operations of corporate governance

(I) Operations of the Board of Directors:

The Board of Directors met 5 times during 2022 and the attendance of the directors was as follows:

The average percentage of attendance in person of all directors was 94.29%, and all independent directors attended all meetings in person.

Job title	Name	Number of attendance in person	Number of attendance by proxy	Percentage of attendance in person (%)	Remark
Chairman	Jui-Fu Liu	5	0	100%	None
Director	Jui-Long Liu	5	0	100%	None
Director	Po-Wen Wang	5	0	100%	None
Director	Chih-Chun Liu	3	0	60%	None
Independent Director	Che-Fu Kung	5	0	100%	None
Independent Director	Wang-Ying Yu	5	0	100%	None
Independent Director	Chung-Lieh Kuo	5	0	100%	None

Other matters required to be recorded:

- I. If the operations of the Board of Directors is under any of the following circumstances, the date, period, motion content, all independent directors' opinions and the Company's handling of their opinions should be describe:
 1. Matters listed in Article 14-3 of the Securities and Exchange Act: The company's Audit Committee was set up. The provisions of Article 14-3 of the Securities and Exchange Act are not applicable since then. Please refer to page 38 of the Annual Report for information on the operations of the Audit Committee.
 2. In addition to the previous matters, other board meeting resolutions that have been opposed or reserved by independent directors with records or written statements: None.
- II. In the implementation of a director's recusal for being an interested party in a motion, the director's name, the motion content, the recusal reasons and his or her participation in voting should be stated: None.
- III. The Company should disclose information on the periodicity and duration, scope, method and content of the self-evaluation (or peer evaluation) by the board of director, and fill out Exhibit 1 on the implementation of the board evaluation.
- IV. Evaluation of the current and most recent year's objectives for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation:
 1. The Company has established the rules of procedure for the Board of Directors' meetings to institutionalize the operations of the Board of Directors, and has posted the attendance of directors and supervisors in MOPS.
 2. The Company has established a Remuneration Committee and established the "Remuneration Committee Charter". On July 29, 2021. The Fifth Remuneration Committee was formed by the three independent directors.
 3. The Audit Committee of the Company was formed by the three independent directors on July 29, 2021, and the "Audit Committee Charter" has been established.
 4. The Company has established the "Rules Governing the Scope of Powers of Independent Directors".
 5. The Company has taken out liability insurance for directors and managerial officers to diversify the legal risks of directors and managerial officers.
 6. The Company has established the "Rules for Performance Evaluation of the Board of Directors" and has completed the performance evaluation of the Board of Directors for 2022 and submitted it to the first Board of Directors meeting in 2023.
 7. The Company has established the "Standard Operating Procedures for Handling Directors' Requests" and has approved the establishment of a corporate governance officer at the Board of Directors' meeting on March 18, 2021 to enhance corporate governance operations.

Exhibit 1: Implementation of the board evaluation.

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2022 to December 31, 2022	Board of Directors	Internal self-evaluation by the Board of Directors	(1) The extent of participation in the Company's operations. (2) Improvement in the quality of the board's decision-making. (3) Composition and structure of the board. (4) Election and continuing education of directors. (5) Internal control.
		Individual board member	Board member self-evaluation	(1) Alignment of the Company's objectives and tasks. (2) Perception of directors' responsibilities. (3) The extent of participation in the Company's operations. (4) Internal relationship management and communication. (5) Professionalism and continuing education of directors. (6) Internal control.
		Audit Committee	Self-evaluation by Audit Committee members	(1) The extent of participation in the Company's operations. (2) Perception of functional committee's responsibilities.
		Remuneration Committee	Self-evaluation by Remuneration Committee members	(3) Improvement in the quality of the functional committee's decision-making. (4) Composition and appointment of functional committee members. (5) Internal control.

(II) Operations of the Audit Committee or participation of supervisors in board operations:

1. Operations of the Audit Committee:

- (1) The Audit Committee of the Company was established on July 29, 2021 in accordance with the law, and consists of all independent directors, with a total of three members, and operates in accordance with the "Audit Committee Charter", and meets at least once a quarter for the primary purpose of overseeing the following matters:
 - a. Fair presentation of the Company's financial statements
 - b. Appointment (dismissal), independence and performance of attesting CPAs
 - c. Effective implementation of internal control.
 - d. Compliance with the relevant laws and regulations.
 - e. Management and control of the Company's existing or potential risks.
- (2) The tasks and responsibilities of the Audit Committee are as follows:
 - a. Establishment of or amendment to internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - b. Evaluation of the effectiveness of the internal control system.
 - c. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 - d. Matters that involve the self interests of the directors.
 - e. Material assets or derivative transactions
 - f. The lending of funds, endorsement, or guarantee in huge sum.
 - g. The offering, issuance, or private placement of any equity-type securities.
 - h. The appointment, dismissal, or remuneration of attesting CPAs.
 - i. The appointment or discharge of the finance, accounting, or internal audit officer.
 - j. The annual financial statements signed or sealed by the chairman, managerial officer and accounting officer, and the second quarter financial statements subject to audit and attestation

by CPAs.

k. Other significant matters required by the Company or the competent authorities.

(3) The Company's Audit Committee met 5 times in 2022 and the attendance of the independent directors was as follows:

Job title	Name	Number of attendance in person	Number of attendance by proxy	Percentage of attendance in person (%)	Remark
Independent Director	Che-Fu Kung	5	0	100%	None
Independent Director	Wang-Ying Yu	5	0	100%	None
Independent Director	Chung-Lieh Kuo	5	0	100%	None

(4) Other matters required to be recorded:

a. If the operation of the Audit Committee is under any of the following circumstances, the date, period, motion content, the content of the objections, reservations or major recommendations of the independent directors, resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions should be described:

i. Matters listed in Article 14-5 of the Securities and Exchange Act:

Date of the Audit Committee meeting	Motion content	Matters listed in Article 14-5 of the Securities and Exchange Act	Objections, reservations or major recommendations of the independent directors
1st meeting in 2022 2022.03.18	Review of the financial statements and business report for 2021	V	None
	2021 earnings distribution proposal		None
	Amendments to the "Procedures for Acquisition and Disposal of Assets"	V	None
	Evaluation of the independence and competency and appointment of attesting CPAs	V	None
	2021 "Assessment of the Effectiveness of Internal Control System" and "Internal Control System Statement"	V	None
	Plan to serve as the guarantor for bank financing of subsidiaries	V	None
2nd meeting in 2022 2022.05.11	Review of the financial statements for 1Q2022		None
	Plan to serve as the guarantor for bank financing of subsidiaries	V	None
3rd meeting in 2022 2022.08.10	Review of the financial statements for 2Q2022		None
	Renewal of office lease upon expiration	V	None
	Plan to serve as the guarantor for bank financing of subsidiaries	V	None
4th meeting in 2022 2022.11.10	Review of the financial statements for 3Q2022		None
	Formulation of the audit plan for 2023		None
	Plan to serve as the guarantor for bank financing of subsidiaries	V	None
5th meeting in 2022 2022.12.15	Plan to serve as the guarantor for bank financing of subsidiaries	V	None
1st meeting in 2023 2023.03.17	Review of the financial statements and business report for 2022	V	None
	2022 earnings distribution proposal		None

	Establishment of the "Pre-Approval Policy for Non-Assurance Services" and pre-approval list of non-assurance services	V	None
	Evaluation of the independence and competency and appointment of attesting CPAs	V	None
	2022"Assessment of the Effectiveness of Internal Control System" and "Internal Control System Statement"	V	None
	Plan to serve as the guarantor for bank financing of subsidiaries	V	None
Resolutions: The motions listed above by the Audit Committee were approved by all members present. The Company's handling of the Audit Committee's opinions: The resolutions were submitted to the Board of Directors and approved by all directors present.			

i i. Other than the matters in the preceding paragraphs, resolutions not approved by the Audit Committee but approved by two-thirds or more of all directors: None.

(5) In the implementation of an independent director's recusal for being an interested party in a motion, the independent director's name, the motion content, the recusal reasons and his or her participation in voting should be stated: None.

(6) Communications among independent directors, internal audit officer and CPAs:

- The Company's independent directors communicate with the internal audit officer and CPAs mainly through communication meetings or e-mails.
- At least once a year, a separate meeting is held between the independent directors and the internal audit officer and the CPAs, without the presence of the regular directors and the management. If there is a major issue or if the independent directors, the internal audit officer and CPAs deem it necessary to communicate independently, they may convene a meeting from time to time to communicate.
- The internal audit officer of the Company shall submit audit reports and follow-up reports to the independent directors in the month following the completion of the audit work, and shall attend the Board of Directors' meeting to report the implementation of the annual audit plan and internal control operations.
- The internal audit officer reports individually to the independent directors at the Audit Committee meetings held quarterly on the implementation of the audit plan, significant findings and recommendations for improvement.
- The Company's internal audit officer holds communication meetings with the independent directors and CPAs at least twice a year to discuss matters including the CPAs' audit matters and results of the financial statements, financial position reports, the implementation of internal controls, other communication matters required by laws and regulations, and the impact of changes in laws and regulations on the Company's accounting practices.
- Communications among independent directors, internal audit officer and CPAs are as follows:

Meeting date	Communication method	Communication matters	Communication results
March 18, 2022	Pre-board meeting discussion	1. CPAs communicated the results of the financial statement audit with the governance unit (includes key audit matters and others). 2. Others: Renewal of laws and regulations.	All independent directors present had no other opinions on the relevant communication matters.
March 18, 2022	Audit Committee	1. Report on the implementation of audit operations. 2. Discussion about the 2021 "Assessment of the Limitation of Internal Control System" and "Internal Control System Statement".	All independent directors present had no other opinions.
May 11, 2022	Audit Committee	Report on the implementation of audit operations.	All independent directors present had no other opinions.

August 10, 2022	Audit Committee	Report on the implementation of audit operations.	All independent directors present had no other opinions.
November 10, 2022	Pre-board meeting discussion	1. The review scope, time, and key audit matters of the annual financial statements. 2. Related guidelines of audit quality indicators (AQI).	All independent directors present had no other opinions on the relevant communication matters.
November 10, 2022	Audit Committee	1. Report on the implementation of audit operations. 2. Discussion about the formulation of 2023 audit plan.	All independent directors present had no other opinions.
March 17, 2023	Pre-board meeting discussion	1. CPAs communicated the results of the financial statement audit with the governance unit (includes key audit matters and others). 2. Evaluation report of audit quality indicators (AQI). 3. Others: Renewal of laws and regulations.	All independent directors present had no other opinions on the relevant communication matters.
March 17, 2023	Audit Committee	1. Report on the implementation of audit operations. 2. Discussion about the 2022 "Assessment of the Limitation of Internal Control System" and "Internal Control System Statement".	All independent directors present had no other opinions.

(III) Corporate Governance - Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
I. Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	V		The "Corporate Governance Best Practice Principles" were established and approved by the Board of Directors on November 7, 2014, and all operations are carried out in accordance with these Principles, which have been disclosed on the Company's website and the Market Observation Post System.	None
II. Shareholding structure & shareholders' rights				None
(I) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(I) The Company has a spokesperson and an acting spokesperson to deal with shareholders' suggestions and questions. In addition, the Company has a mailbox on the Company's website for investors to ask questions about shareholders' proposals or disputes.	
(II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(II) The Company regularly discloses the names of major shareholders and the ultimate controllers of major shareholders in accordance with relevant laws and regulations, and reports information on the changes in accordance with the regulations.	
(III) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V		(III) The business and financial affairs of the Company and affiliates are operated independently, and the management rules have been established and implemented in accordance with the relevant regulations of the competent authorities.	
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(IV) The Company has established the "Procedures for Handling Material Inside Information and Procedures for the Prevention of Insider Trading" and the "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the relevant regulations of the competent authorities to maintain the fairness of securities trading market, which are posted on the internal website and the Company's website to prohibit any conduct that may involve insider trading, and also provides related education and promotion.	
III. Composition and Responsibilities of the Board of Directors				None
(I) Does the board of directors formulate diversity policies, specific management objectives and implement them?	V		(I) 1. The Company has established the "Corporate Governance Best Practice Principles" and the composition of the Board of Directors is determined by taking into consideration the diversity of the Board of Directors, the members of which not only possess the	

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>knowledge, skills and qualities necessary to perform their duties, but also have diverse backgrounds in industry, academia and knowledge. Please refer to the Annual Report on page 14” (IV) Disclosure of professional qualifications of directors and independence of independent directors” for their educations and experiences. The implementation status of the Company's policy on diversity of the board members by individual directors is as follows, mainly comprising:</p> <p>A. Basic criteria and values of directors, including gender, age, nationality, and culture, etc.</p> <p>B. Directors' professional knowledge and skills, including professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.</p> <p>C. Directors' abilities include operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market perspective, leadership, and decision-making ability.</p> <p>2. The Company's achievement of the diversity of the board members is detailed on page 15 of the Annual Report.</p> <p>3. The Company's Board of Directors has seven seats, of which three are independent directors and two are concurrently managerial officers of the Company, representing 29% of the total number of directors. No more than one-third of the directors are concurrently managerial officers of the Company. Nor more than half of the directors are spouses or relatives within second degree of kinship of each other. The percentage of independent directors is 43%. Two independent directors have a tenure of 3 to 9 years, and one independent director has a tenure of less than 3 years. Two of the Company's directors are aged 71 or older, four are aged 61 to 70, and one is aged 41 to 50. The Company has two female directors and the percentage of female directors is 29%, while the target of increasing to more than 25% has been achieved. The Company</p>	

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
(II) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	V		aims to increase the number of female directors to more than one-third in the future. (II) The Company has established the Remuneration Committee and the Audit Committee in accordance with the law, with three members consisting of all independent directors, and will establish other functional committees in the future depending on the actual operational need.	
(III) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for directors' remuneration and renewal?	V		(III) The Company has established the "Rules for Performance Evaluation of the Board of Directors" as approved by the Board of Directors on March 22, 2019, which requires a review of the Board of Directors, individual members of the Board of Directors, and members of functional committees (including the Remuneration Committee and the Audit Committee) at least once a year. The evaluation results will be used as reference for the nomination of directors. 1.The evaluation method includes internal self-evaluation by the Board of Directors, self-evaluation by the Board members, self-evaluation by the members of the functional committees or other appropriate methods for performance evaluation. 2.The performance evaluation of the Board of Directors of the Company shall include at least the following five major aspects: (1) The extent of participation in the Company's operations. (2) Improvement in the quality of the board's decision-making. (3) Composition and structure of the board. (4) Election and continuing education of directors. (5) Internal control. The performance evaluation of board members should include at least the following six major aspects: (1) Alignment of the Company's objectives and tasks. (2) Perception of directors' responsibilities. (3) The extent of participation in the Company's operations. (4) Internal relationship management and communication. (5) Professionalism and continuing education of directors. (6) Internal control.	

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>The performance evaluation of the functional committees (including the Remuneration Committee and the Audit Committee) should include at least the following five major aspects:</p> <p>(1) The extent of participation in the Company's operations.</p> <p>(2) Perception of functional committee's responsibilities.</p> <p>(3) Improvement in the quality of the functional committee's decision-making.</p> <p>(4) Composition and appointment of functional committee members.</p> <p>(5) Internal control.</p> <p>The Board of Directors' performance evaluation indicators shall be determined in accordance with the Company's operations and needs, and shall be appropriate for the Company's performance evaluation.</p> <p>The evaluation criteria shall be revised and adjusted according to the needs of the Company, and the scores may be weighted according to each evaluation aspect.</p> <p>3.The Company performs the internal performance evaluation of the Board of Directors once a year in accordance with the evaluation procedures and evaluation indicators of "Rules for Performance Evaluation of the Board of Directors".</p> <p>The results of the internal performance evaluation shall be completed and provided to the Board of Directors by the end of the first quarter of the following year. The evaluation scope shall include the performance evaluation of the Board of Directors as a whole, individual board members and functional committees.</p> <p>The evaluation method includes internal self-evaluation by the Board of Directors, self-evaluation by the Board members, self-evaluation by the members of the functional committees or other appropriate methods for performance evaluation. The results of the performance evaluation shall be used as a reference in the selection or nomination of directors.</p> <p>4.The performance evaluation of the Board of Directors for the year 2022 was completed in February 2023 and the evaluation results were submitted to the Board of Directors on March 17, 2023. According to the self-evaluation results of the Board of Directors, board members,</p>	

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
(IV) Does the Company regularly evaluate its attesting CPAs' independence?	V		<p>Audit Committee and Remuneration Committee, the performance evaluation of the Board of Directors, board members, Audit Committee and Remuneration Committee are all above the standard, which indicates that the overall operations of the Board of Directors and functional committees of the Company are good.</p> <p>(IV) The Audit Committee and the Board of Directors of the Company evaluate the independence and competency of the attesting CPAs in accordance with the regulations every year. In addition to requesting the attesting CPAs to issue the "Statement of Independence" and "Audit Quality Indicator (AQI) Report", the Company also examines whether the attesting CPAs meet the independence and competency according to the thirteen indicators of the five major scopes of AQI and a number of evaluation criteria. The evaluation results will also be used as the basis for the Audit Committee and the Board of Directors to approve the appointment of the CPAs. Based on the results of the most recent evaluation of the independence and competency of the Company's attesting CPAs (please refer to Note 1), the Company's attesting CPAs meet the independence and competency requirements. On March 17, 2023, the Audit Committee and the Board of Directors resolved to approve the "evaluation of independence and competency as well as appointment of the attesting CPAs".</p>	
IV. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, handling company registration and change registration, and recording minutes of board meetings and shareholders' meetings)?	V		<p>1. The Company's Corporate Governance Group is responsible for corporate governance-related matters, and the Board of Directors resolved on March 18, 2021 that Chun-Yen Chen, Manager of the Accounting Office of the Finance Division, be appointed as the Corporate Governance Officer. She has at least three years of experience in the management of finance, stock affairs and meeting administration of a public company and has completed continuing professional education as required by law.</p> <p>2. Corporate governance related matters and scope of authority mainly include the following</p> <p>(1) Provide information necessary for directors to carry out their business.</p> <p>(2) Administer meetings of the Board of Directors and shareholders'</p>	None

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>meetings in accordance with the law.</p> <p>(3) Handle business registration and change registration for the Company.</p> <p>(4) Prepare minutes of meetings of the Board of Directors and shareholders.</p> <p>(5) Assist directors to take office and pursue continuing education.</p> <p>(6) Assist directors in complying with the law.</p> <p>(7) Assist the Board of Directors in strengthening its performance.</p> <p>(8) Report to the Board of Directors the results of its review of the qualifications of independent directors at the time of their nomination, election and during their term of office in compliance with the relevant laws and regulations.</p> <p>(9) Handle matters related to the change of directors.</p> <p>(10) Protect the interests of stakeholders and uphold equal treatment of shareholders.</p> <p>3. Implementation status of the above matters in 2022:</p> <p>(1) Handled matters related to the change of directors in accordance with the law: Formulated the meeting agenda for Board of Directors' and Audit Committee's meetings, sent out meeting notices, meeting materials and minutes. In 2022, the Board of Directors had 5 meetings and the Audit Committee had 5 meetings.</p> <p>(2) Administered the annual regular shareholders' meetings in accordance with the law: Registered for the shareholders' meeting, prepared the meeting notice, handbook and minutes, and administered the regular shareholders' meeting on June 15, 2022 to amend the Articles of Incorporation and completed the change registration for the Company in accordance with the regulations.</p> <p>(3) Assisted in the communications among independent directors, internal audit officer and attesting CPAs.</p>	None

			<p>(4) Published material information in accordance with the law and ensured the legality and accuracy of the contents of material information published.</p> <p>(5) Assist directors in complying with various laws and best practice principles and to assisted in arranging continuing educations for directors.</p> <p>(6) Handled the purchase of liability insurance for directors and managerial officers.</p> <p>(7) Administered the performance evaluation of the Board of Directors for the year 2022, which was reported to the Board of Directors in its first meeting in 2023.</p> <p>(8) Continued to implement and strengthen corporate governance.</p> <p>4. Continuing educations of the Corporate Governance Officer:</p> <table border="1"> <thead> <tr> <th>Training date</th><th>Organizer</th><th>Course name</th><th>Training hours</th><th>Total training hours in the year</th></tr> </thead> <tbody> <tr> <td>2021.07.16</td><td rowspan="3">Accounting Research and Development Foundation</td><td>Latest Policy Developments and Internal Control Management Practices Related to "Self-Prepared Financial Statements"</td><td>6.0</td><td rowspan="3">18.0</td></tr> <tr> <td>2021.10.19</td><td>Using ESG to Improve Corporate Strategies and Responding to Sustainable Financial Trends</td><td>6.0</td></tr> <tr> <td>2021.11.10</td><td>Analysis of the latest corporate governance policies and the legal audit practice of "corporate governance personnel" auditing</td><td>6.0</td></tr> </tbody> </table>	Training date	Organizer	Course name	Training hours	Total training hours in the year	2021.07.16	Accounting Research and Development Foundation	Latest Policy Developments and Internal Control Management Practices Related to "Self-Prepared Financial Statements"	6.0	18.0	2021.10.19	Using ESG to Improve Corporate Strategies and Responding to Sustainable Financial Trends	6.0	2021.11.10	Analysis of the latest corporate governance policies and the legal audit practice of "corporate governance personnel" auditing	6.0	
Training date	Organizer	Course name	Training hours	Total training hours in the year																
2021.07.16	Accounting Research and Development Foundation	Latest Policy Developments and Internal Control Management Practices Related to "Self-Prepared Financial Statements"	6.0	18.0																
2021.10.19		Using ESG to Improve Corporate Strategies and Responding to Sustainable Financial Trends	6.0																	
2021.11.10		Analysis of the latest corporate governance policies and the legal audit practice of "corporate governance personnel" auditing	6.0																	

Evaluation Item	Implementation Status							Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description					
			Training date	Organizer	Course name	Training hours	Total training hours in the year	
			2022.10.26	Accounting Research and Development Foundation	Common Deficiencies of "Financial Statements Review" and Analysis of Important Internal Control Regulations	6.0	12.0	
			2022.10.31		Latest Policy Developments and Internal Control Management Practices Related to “ESG Sustainability” and “Self-Prepared Financial Statements”	6.0		
V. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders’ questions on corporate responsibilities?	V		The Company has a spokesperson and an acting spokesperson, and provides a communication channel for investors and stakeholders to ask questions through the Company's website. The Company has set up a stakeholder area on the Company's website, where stakeholders can communicate with each other by telephone or email disclosed on the website as needed on issues of concern.					None
VI. Has the Company appointed a professional registrar for its Shareholders’ Meetings?	V		The Company has appointed a professional stock affairs agency, CAPITAL SECURITIES CORP., to administer shareholders’ meetings and shareholder services.					None
VII. Information Disclosure								None
(I) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(I) The Company has set up a website with "Investor Relations" and "Sustainable Development ESG"areas to disclose information on financial and business matters and sustainable development.					None
(II) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(II) The Company has dedicated personnel to be responsible for the collection and disclosure of material information of the Company, and inputting the information into the Market Observation Post System and the Company's website on a regular basis, has implemented a spokesperson system in accordance with the regulations and, and has placed information related					

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	<p>to the Company's past earnings calls on the Company's website.</p> <p>(III) The annual financial reports, the first, second, and third quarter financial reports, and the monthly operating results of the Company are announced and reported before the prescribed deadline.</p>	
VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing liability insurance for directors)?	V		<ol style="list-style-type: none"> 1. Employees' rights and interests: The Company protects employees' rights and interests in accordance with the Labor Standards Act, the Gender Equality Act, the Sexual Harassment Prevention Act, and other relevant laws and regulations. 2. Employee care: The Company provides relevant welfare system, complete education and training, and good communication channels to establish a trusting relationship with employees. 3. Investor relations: The Company has dedicated personnel to provide services and a stock affairs unit to handle shareholders' suggestions. 4. Supplier relations: The Company selects suitable suppliers based on their delivery quality, timeliness, and after-sales service, and signs distribution contracts for the products of the partners we represent. We review the cooperation relationship between the two parties according to the contract period, and quote and compare multiple vendors for products in the market channel simultaneously to establish a stable procurement network, and require suppliers to comply with corporate social responsibility policies. 5. Stakeholders' rights: Stakeholders may communicate with the Company and make suggestions to protect their legitimate rights and interests. 6. Continuing educations of directors: Please refer to the description (Note 2) of Continuing education of directors in this Annual Report. 7. Implementation status of risk management policy and risk measurement standards: The Company has established the risk management policy, which together with the risk measurement standards have been implemented by dedicated personnel and the implementation status is good. 	None

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			8. Implementation of customer policy: The Company maintains stable and good relationships with its customers to generate profits for the Company. 9. The Company’s purchase of liability insurance for directors and managerial officers: The Company purchases liability insurance for directors and managerial officers every year to strengthen corporate governance and reduce the risks borne by directors, managerial officers and the Company, which are reported on the Market Observation Post System.	
IX. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange for the 2022 Corporate Governance Evaluation：				
Improved status for the non-scoring items:				
Evaluation Index			Improved status	
Does the Company upload its annual financial statements in English 7 days before the regular shareholders' meeting? 【“If the English version of the annual financial statements is uploaded 16 days before the regular shareholders' meeting, one additional point will be added to the total score.”】			The Company plans to upload its annual financial statements in English 7 days (or 16 days) before the 2023 regular shareholders' meeting.	
Priorities for improvement:				
Evaluation Index			Priorities for improvement	
Does the Company disclose its interim financial statements in English within two months of the reporting deadline for the Chinese version of the interim financial statements?			The Company plans to disclose its consolidated financial statements in English on a quarterly basis starting from 2023.	

Note 1:

(1) Evaluation form of the independence and competency of attesting CPAs

Evaluation item	Evaluation results	Compliance with Independence
1. If the CPA has a direct or material indirect financial interest in the Company?	No	Yes
2. If the CPA has any financing or guarantee dealings with the Company or its directors and supervisors?	No	Yes
3. If the CPA has significant close business relationships with the Company?	No	Yes
4. If the CPA Group has a potential employment relationship with the Company?	No	Yes
5. If the CPA and the Company agreed on contingent professional fees related to audit cases?	No	Yes
6. If the CPA and any audit team member currently or within the most recent two years has served as a director, supervisor, managerial officer or position that has a significant influence on audit cases?	No	Yes
7. If the CPA had provided any non-audit services to the Company that will directly affect the important matters of audit cases?	No	Yes
8. If the CPA has advertised or brokered any shares or other securities issued by the Company?	No	Yes
9. If the CPA has acted as a defender for the Company or coordinated conflicts with other third parties on behalf of the Company?	No	Yes
10. If the CPA is related to the directors, supervisors, managerial officers or persons who have significant influence on the audit cases of the Company?	No	Yes
11. If any other practicing CPA who left the CPA firm in the last year has served as a director, supervisor, managerial officer or position that has a significant influence on audit cases?	No	Yes
12. If the CPA ever received any gifts or presents of significant value from the Company or its directors, supervisors or managerial officers?	No	Yes
13. If the CPA is requested to accept improper choices by management in accounting policies or improper disclosures in the financial statements?	No	Yes
14. If the CPA is pressed to improperly reduce the amount of audit work to be performed in order to reduce the professional fees?	No	Yes
15. Has the Company not changed its attesting CPAs for seven consecutive years or have its attesting CPAs been disciplined or compromised their professionalism or independence?	No	Yes

(2) AQI Independence and Competency Assessment Form for Attesting CPAs

AQI		Key measurement points and level		Compliance with Audit Quality Indicators
Scope 1 Professionalism	(1-1) Audit experience	Do the senior auditors have sufficient audit experience to perform the audit work?	CPA firm level Audit engagement level	Yes
	(1-2) training hours	Do the CPAs and senior auditors receive sufficient annual education and training to continue to acquire professional knowledge and skills?	CPA firm level	Yes
	(1-3) Turnover rate	Does the CPA firm maintain sufficient experienced human resources?	CPA firm level	Yes
	(1-4) Professional supports	Does the CPA firm have sufficient professional personnel (such as appraisers) to support the audit team?	CPA firm level	Yes
Scope 2 Quality control	(2-1) CPAs' workload	Are the CPAs overloaded with audit engagements?	CPA firm level Audit engagement level	Yes
	(2-2) Audit involvement	Is the involvement of the audit team at each stage of the audit engagement appropriate?	CPA firm level Audit engagement level	Yes
	(2-3) Engagement quality control review (EQCR)	Do CPAs devote sufficient hours to perform reviews of the audit engagement (EQCR)?	CPA firm level Audit engagement level	Yes
	(2-4) Quality control support capability	Does the CPA firm have sufficient quality control manpower to support the audit team?	CPA firm level	Yes
Scope 3 Independence	(3-1) Non-audit service fees	Effect of the proportion of non-audit service fees on Independence	Audit engagement level	Yes
	(3-2) Client familiarity	Effect of the cumulative number of years of attestations to annual financial statements provided by the CPA firm on independence	Audit engagement level	Yes
Scope 4 Supervision	(4-1) External inspection deficiencies and disciplines	Are the quality control and audit engagements of the CPA firm performed in accordance with the relevant laws and regulations?	CPA firm level Audit engagement level	Yes
	(4-2) Improvements required by competent authorities in letters	Are the quality control and audit engagements of the CPA firm performed in accordance with the relevant laws and regulations?	CPA firm level Audit engagement level	Yes
Scope 5 Innovation capabilities	(5-1) Innovation planning or initiatives	The CPA firm's commitment to improving audit quality, including the CPA firm's innovation capabilities and planning.	CPA firm level	Yes

Note 2: Continuing education of directors

Job title	Name	Date	Course name	Organizer	Hours
Independent Director	Wang-Ying Yu	2021.09.01	The 13th Corporate Governance Forum	Financial Supervisory Commission	3
Independent Director	Che-Fu Kung	2021.09.01	The 13th Corporate Governance Forum	Financial Supervisory Commission	3
Independent Director	Chung-Lieh Kuo	2021.09.01	The 13th Corporate Governance Forum	Financial Supervisory Commission	3
Director	Po-Wen Wang	2021.09.01	The 13th Corporate Governance Forum	Financial Supervisory Commission	3
Independent Director	Che-Fu Kung	2021.10.20	2021 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Independent Director	Chung-Lieh Kuo	2021.10.20	2021 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Director	Po-Wen Wang	2021.10.20	2021 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Independent Director	Wang-Ying Yu	2021.10.22	2021 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Independent Director	Chung-Lieh Kuo	2021.11.03	2021 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Independent Director	Chung-Lieh Kuo	2021.12.07	2021 Cathay Sustainable Finance & Climate Change Summit	Taiwan Stock Exchange	3
Director	Po-Wen Wang	2022.05.04	Twin-Summit Forum	Taiwan Stock Exchange	2
Independent Director	Wang-Ying Yu	2022.05.04	Twin-Summit Forum	Taiwan Stock Exchange	2
Independent Director	Che-Fu Kung	2022.05.04	Twin-Summit Forum	Taiwan Stock Exchange	2
Independent Director	Chung-Lieh Kuo	2022.05.12	Twin-Summit Forum	Taiwan Stock Exchange	2
Director	Po-Wen Wang	2022.05.20	2022 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Independent Director	Wang-Ying Yu	2022.06.10	2022 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Independent Director	Che-Fu Kung	2022.06.10	2022 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Independent Director	Chung-Lieh Kuo	2022.06.10	2022 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Director	Po-Wen Wang	2022.07.07	Industrial Theme Briefing on the Roadmap for Sustainable Development	Taiwan Stock Exchange	2
Independent Director	Wang-Ying Yu	2022.07.13	Industrial Theme Briefing on the Roadmap for Sustainable Development	Taiwan Stock Exchange	2
Independent Director	Che-Fu Kung	2022.07.20	Industrial Theme Briefing on the Roadmap for Sustainable Development	Taiwan Stock Exchange	2
Independent Director	Chung-Lieh Kuo	2022.07.20	Industrial Theme Briefing on the Roadmap for Sustainable Development	Taiwan Stock Exchange	2
Director	Chih-Chun Liu	2022.10.12	2022 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Independent Director	Che-Fu Kung	2022.10.12	2022 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Independent Director	Chung-Lieh Kuo	2022.10.12	2022 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Director	Po-Wen Wang	2022.10.19	2022 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3

(IV) Composition, duties and operations of the Remuneration Committee of the Company:

1. Information on the members of the Remuneration Committee

Position	Criteria	Professional qualifications and experience	Status of independence	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
	Name			
Independent Director (Convener)	Wang-Ying Yu	Please refer to page 14 of the Annual Report for the “Disclosure of professional qualifications of directors and independence of independent directors”		0
Independent Director	Che-Fu Kung			0
Independent Director	Chung-Lieh Kuo			0

2. Information on the operations of the Remuneration Committee

(1) The Remuneration Committee of the Company has 3 members.

(2) The term of office of the current committee members is from July 29, 2021 to July 28, 2024. The Remuneration Committee met two times in 2022, and the attendance of the members was as follows:

Job title	Name	Number of attendance in person	Number of attendance by proxy	Percentage of attendance in person (%)	Remark
Convener	Wang-Ying Yu	2	0	100%	None
Committee member	Che-Fu Kung	2	0	100%	None
Committee member	Chung-Lieh Kuo	2	0	100%	None

(3) The matters for discussions and resolutions of the Remuneration Committee and the Company's handling of the opinions of the members:

Remuneration Committee	Motion content	Resolution	The Company's handling of the opinions of the members of the Remuneration Committee
3rd meeting of the 5th Committee 2022.03.18	1. Review of the payment of year-end bonus to managerial officers for 2021. 2. Review of the remuneration and performance evaluation of directors and managerial officers for 2021. 3. Review of the employee profit-sharing remuneration for directors and managerial officers for 2021.	All members present agreed to approve the motions as proposed with no objection	Submitted to the Board of Directors for resolution and approved by all directors present
4th meeting of the 5th Committee 2022.11.10	1. Review of the remuneration and performance evaluation of directors and managerial officers for 2022. 2. Discussion about the remuneration policy, system, standard and structure for directors and managerial officers. 3. Review of the payment of year-end bonus to managerial officers for 2022.	All members present agreed to approve the motions as proposed with no objection	Submitted to the Board of Directors for resolution and approved by all directors present

	4. Discussion about the work plan of the Remuneration Committee for 2023.		
5rd meeting of the 5th Committee 2023.03.17	1. Review of the payment of year-end bonus to managerial officers for 2022. 2. Review of the remuneration and performance evaluation of directors and managerial officers for 2022. 3. Review of the employee profit-sharing remuneration for directors and managerial officers for 2022.	All members present agreed to approve the motions as proposed with no objection	Submitted to the Board of Directors for resolution and approved by all directors present

(4) Other matters required to be recorded:

A.The tasks and responsibilities of the Remuneration Committee:

a. Regularly review the Committee Charter and propose amendments.

b. Establish and periodically review the policies, systems, standards and structures for annual and long-term performance goals and remuneration for directors and managerial officers of the Company.

c. Regularly evaluate the achievement of the performance goals of the Company's directors and managerial officers and determine the content and amount of their individual remuneration.

B.If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions: None.

C.If any of the members of the Remuneration Committee hold adverse opinion or qualified opinions with record or in written declaration against the resolutions of the committee, specify the date and the session of the committee meeting, the content of the motion, the opinions of all members and the response to the opinions of the members: None.

(V) Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor:

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
I. Does the company have established a governance structure to promote sustainable development and set up a dedicated department to promote sustainable development, which is authorized and supervised by the board of directors?	V		<p>1. In 2022, the Board of Directors of the Company approved the renaming of the former Corporate Governance and CSR Promotion Group to the Sustainable Development Promotion Group, with the President as the convener and the Vice Convener coordinating the three subgroups, including Corporate Governance, Environmental Sustainability and Social Co-prosperity, responsible for the formulation of policies, systems or management policies related to sustainable development and the formulation of specific promotion plans, implementation and review of the effectiveness of implementation and regularly reports the implementation plans and results to the Board of Directors at least once a year. The main tasks are divided among the following three groups from the relevant departments to promote the implementation:</p> <p>(1) Corporate Governance Subgroup: Responsible for compliance with laws and regulations, Board of Directors' governance practices, implementation of internal control system, information security, information disclosure, risk management, shareholders' rights and interests, and other related work.</p> <p>(2) Environmental Sustainability Subgroup: Responsible for environmental protection, green environment, energy saving and carbon reduction, ecological sustainability, greenhouse gas inventory, and safety and health related work.</p> <p>(3) Social Co-prosperity Subgroup: Responsible for employee care, customer relations, supplier management, workplace safety, education and training, integrity management, human rights protection, and social benefit.</p> <p>2. The implementation results for 2022 and the plan for 2023 were reported to the Board of Directors on December 15, 2022.</p> <p>3. Based on the report on the implementation status, the Board of Directors reviews the promotion of strategies and plans and urges the promotion</p>	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			team to make adjustments when necessary.	
II. Does the Company conduct risk assessments on environmental, social, and corporate governance issues related to its operations in accordance with the materiality principle, and implement relevant risk management policies or strategies?	V		<ol style="list-style-type: none"> 1. To strengthen corporate governance and improve risk management operations, the Company has established the "Risk Management Policy", which was approved by the Board of Directors on November 10, 2020, to effectuate a check and balance mechanism of the risk management. The Company's risk management policy is mainly oriented to risk management. The Company defines various types of risks in accordance with the Company's overall operating policies and establishes a risk management mechanism for early assessment and measurement, effective supervision and strict control, with the aim of controlling risks within acceptable or controlled limits, and strengthening the awareness of risk control among all employees in order to reasonably ensure the achievement of the Company's strategic objectives. 2. The scope of the Company's risk management includes market risk, operational risk, strategic risk, financial risk, legal risk, information security risk, and other risks that may cause the Company to incur material losses. The risk management is carried out by each risk working subgroup according to the issues they are responsible for . 3. The Board of Directors of the Company is the highest unit of risk management and shall approve the risk management policy and structure, and is responsible for approving, reviewing, and monitoring the Company's risk management policy to ensure the effectiveness of risk management. The Risk Management Group is directly under the President and is responsible for the monitoring, measurement and evaluation of the company's risk at the execution level. The risk management of each operation is assigned to each relevant unit according to the nature of its business. 4. The Company's Sustainable Development Promotion Group conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle for the Sustainable Development Policy, and establishes relevant risk management policies as follows: 	None

Promotional Implementation Item	Implementation Status					Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description			
			Material issues	Risk assessment Item	Risk management policy or strategy	
			Environment	Environmental protection	A.In response to the potential risks of climate change, the Company has established “Environmental Management Regulations” in accordance with the characteristics of the industry to implement the energy conservation policy, and the Company's environmental policy is to "comply with environmental regulations, conserve global resources, and fulfill social responsibility. B.The Company has completed the establishment of the responsible unit and its scope of duties in accordance with the greenhouse gas inventory and verification schedule planning, and will gradually conduct "corporate greenhouse practices and improvement practices" and other human resources training courses in 2022, and at the same time, has formulated the ISO 14064 pre-implementation target planning.	
			Society	1. Product safety	The Company's products comply with the government regulations and laws, without any hazardous materials, and to ensure the quality of customer service and enhance customer satisfaction, we have a dedicated unit to provide diversified services to customers.	
				2. Occupational safety	The Company has established "Environmental Management Regulations", "Code of Practice for Occupational Safety and Health" and "Safety Inspection Regulations" to enforce safety and health protection measures, and holds regular fire drills and exercises every year.	
			Corporate governance	Socio-economic and legal compliance	The Company has established a governance organization and implemented internal control mechanisms to ensure that all employees and operations comply with relevant laws and regulations.	
III. Environmental issues (I) Does the Company establish proper environmental	V		(I) The Company has established an environmental management			None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
management systems based on the characteristics of their industries?			<p>system in accordance with the characteristics of the industry:</p> <ol style="list-style-type: none"> 1. The Company's environmental policy objective is to "comply with environmental regulations, conserve global resources and fulfill social responsibilities". 2. The Company actively promotes various management measures such as energy saving and carbon reduction, waste reduction, etc., and collects information on relevant environmental laws and regulations in a timely manner to ensure that the Company's business activities comply with the requirements of laws and regulations. 	
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>(II) 1. In response to climate change mitigation and adaptation and sustainable resource use issues, net-zero carbon emission has become a global trend. The Company responds to the government's policy of "low-carbon sustainable homes", implements energy saving and carbon reduction and promotes resource use, and strives to develop related products to reduce office greenhouse gas emissions in order to enhance carbon reduction benefits and reduce the impact on the environment. We also implement electronic documents, reuse recycled paper, avoid unnecessary waste of resources, and prioritize the use of green and energy-saving products.</p> <p>2. The Company aims to reduce electricity consumption by 1% per year. The electricity consumption in 2022 was reduced by about 2% compared with 2021.</p>	None
(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	V		<p>(III) Climate change has become an important issue for investors and companies alike. The Company conducts risk assessments and develops countermeasures for climate change and reports them to the Board of Directors on a regular basis. The Company understands that by saving energy and reducing carbon, it can achieve the reduction of greenhouse gases, thus reducing the occurrence of environmental impact climate change, and the implementation measures include:</p>	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<ol style="list-style-type: none"> 1. We use our self-developed "Building Power Saving Management System" to develop a power saving service platform with intelligent management mechanism to provide optimal power usage in buildings to help manage building power consumption. 2. The use of LED lights in the office area will result in significant electricity savings. The Company will continue to improve electricity consumption and aim to save 1% of electricity per year. 3. Public area lighting is managed on a regular basis by sensors. 4. The priority of purchasing equipment is environmental protection and energy saving. 5. The air conditioning is managed on a regular basis and the temperature is limited (set at 26 degrees Celsius or less) to reduce electricity consumption and avoid gas emissions. 6. We implement electronic document use, use old envelopes as briefcases for internal document delivery, recycle waste toner cartridges and waste paper, and recycle and reuse paper. 7. The office area is inspected from time to time. 8. The environmental committee and the office bearers on the floor are responsible for energy saving and safety control (including access control, emergency handling, and crisis management that may cause interruption of the company's operation) on the floor. 9. We strive to develop energy-saving products to reduce the impact on the environment. 10. We implement waste management policies and water conservation measures. 	
(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?	V		<p>(IV) The Company's energy saving and carbon reduction benefits and policy for the past two years based on statistics are as follows (the following information is from the Taipei Head Office):</p> <ol style="list-style-type: none"> 1. The office carbon emissions in 2022 and 2021 were 1,107 and 1,132 metric tons, respectively, representing a 2% reduction 	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>from 2021 to 2022. In 2023, we will continue to reduce unnecessary electricity consumption and implement various energy-saving measures, with a target of 1% carbon reduction in 2023. The Company is an information service provider providing professional services and has no production processes, therefore, there are no sources of process emissions (Scope I).</p> <p>2. In response to the low-carbon policy and greenhouse gas reduction, the Company's main measures include research and development of relevant energy-saving products, procurement of environmentally friendly energy-saving equipment, and promotion of colleagues to reduce non-essential use of electricity and cultivate low-carbon living habits.</p> <p>3. In the course of the Company's operation, no additional wastewater will be generated except for general water for people's domestic use. Wastewater is discharged in accordance with the regulations and there is no concern about water pollution. The total water consumption in 2022 and 2021 were 10,000 tons and 9,025 tons respectively, up approximately 10% in 2022 compared to 2021. The increase in water consumption in 2022 was mainly due to the need to strengthen our own and environmental cleanliness in response to pandemic prevention. With the pandemic slowing down in 2023, the Company will continue to conserve water in daily life with the goal of saving 1% of water consumption.</p> <p>4. The Company is a non-manufacturing company and does not generate hazardous wastes: The Company's general recycling materials are centrally placed in the recycling area and are classified according to paper, glass, plastic, iron and aluminum, and PET bottles, etc. Non-recyclable waste such as polystyrene, wood pallets, foam, and bubble bags, which are required to be separated from general waste disposal according to government requirements, are collected and transported to different recycling sites by professional and</p>	

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>qualified waste disposal companies. The domestic garbage is collected and transported to the incineration plant.</p> <p>The total weight of the Company's general recyclables was 8 metric tons in both 2022 and 2021, and the total amount of non-recyclable waste and domestic garbage was 25.37 metric tons and 24.16 metric tons in 2022 and 2021. The increase of 5% in 2022 compared to 2021 was mainly due to the increase of packaging materials for large projects, and the fact that most of the employees do not dine out due to the pandemic and bring out lunch boxes for drinks, and that large meetings or trainings are also arranged within the company due to the pandemic, resulting in a large number of lunch boxes and therefore an increase in the amount of garbage. The Company will continue to reduce waste through various waste reduction programs to protect the earth and cherish resources, to reduce waste generation, and to implement waste management to reduce the damage to the earth, with the annual target of reducing waste generation by 1%.</p>	
<p>IV. Social Issues</p> <p>(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>(I) In order to fulfill corporate social responsibility and implement human rights protection, the Company has formulated human rights policies with reference to internationally recognized human rights standards, such as the International Bill of Human Rights and the International Labor Organization, and has disclosed the relevant contents on the Company's website. The main policies and management plans are as follows:</p> <p>1.Support international human rights conventions:</p> <p>(1)The Company supports the principles of the United Nations “Global Compact”, respects international human rights, and ensures that the Company does not violate human rights internally and does not share in the violation of human rights.</p> <p>(2)The Company supports the “goals of the United Nations Universal Declaration of Human Rights” and the “International</p>	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>Labor Organization Convention”, which prohibit any form of discrimination, forced labor and child labor, and impediment to the freedom of association of employees.</p> <p>(3)The Company is committed to providing a safe and healthy working environment for its employees, to continuously improve the safety and health of the working environment in compliance with relevant laws and regulations, to prevent accidents, to reduce the risk of occupational accidents, and to protect the safety and promote the physical and mental health of its employees.</p> <p>2.Respect human rights in the workplace:</p> <p>(1)The Company complies with the Labor Standards Act, the Gender Equality Act, and other relevant laws and regulations.</p> <p>(2)The Company effectuates diversity in the workplace and will not discriminate on the basis of gender, sexual orientation, race, class, age, marriage, language, ideology, religion, party affiliation, national origin, place of birth, appearance, facial features, physical or mental disabilities, and will work together to create a dignified, safe, equal, and harassment-free work environment.</p> <p>3.Enforce information security:</p> <p>In order to protect human rights and privacy, the Company has established a comprehensive information security management mechanism and follows strict control regulations and protective measures.</p> <p>In 2022, the Company organized promotional educations on ethical corporate management policies, the "Personal Information Management System (PIMS)", "Information Security", "Human Rights Protection" and internal control courses for 4,465 attendees, totaling 5,772 person-hours.</p>	
(II)Does the Company establish and deliver reasonable employee welfare programs (including salary,	V		<p>(II) 1. Implement reasonable employee welfare measures:</p> <p>(1)The Company has established the Employee Welfare Committee,</p>	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
compensated absences, and other benefits) and adjust employee compensation in relation to business performance?			<p>which is responsible for the welfare of all employees, and the welfare measures are supervised and executed by the Welfare Committee every year.</p> <p>(2)The Company's welfare measures mainly include labor, health, group insurance, employee travel, birthday gifts, beer parties, year-end parties, welfare products, wedding and funeral subsidies, child birth subsidies, club activity subsidies, and health checkups. These measures are effective in boosting employees' morale.</p> <p>(3)Various club activities are organized to provide employees with a balance between work and leisure.</p> <p>(4)The Company provides group insurance for employees, their spouses and children. The coverage includes term life insurance, accidental injury insurance, hospitalization medical insurance, and cancer insurance.</p> <p>2. The Company enforces diversity and equality in the workplace and provides equal promotion opportunities for male and female employees. In 2022, the percentage of female employees was 31% and the percentage of female managerial officers was 22%.</p> <p>3. Reflect business performance or results in employee compensation as appropriate:</p> <p>(1)The Company has established reasonable salary and remuneration measures, a complete performance management system, and a clear and effective reward and disciplinary system.</p> <p>(2)In accordance with the provisions of Article 21 of the Company's Articles of Incorporation: If the Company makes a profit in a fiscal year, it shall allocate no less than 3% of the balance as employee remuneration, which shall be distributed in stock or cash as per the resolution by the Board of Directors. The recipients shall include employees of the controlling company or subsidiaries who met certain criteria. The distribution of employee remuneration shall be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it shall reserve an amount to compensate it first and then allocate an amount for employee</p>	

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			remuneration according to the percentage set out in the preceding paragraph.	
(III) Does the Company provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis?	V		<p>(III) The Company believes that employees who are physically and mentally healthy can create efficient and high quality work performance, and therefore is committed to providing a safe and healthy work environment for employees, including:</p> <ol style="list-style-type: none"> 1. The Company has established "Environmental Management Regulations", and, in accordance with occupational safety and health related regulations, has formulated the "Code of Practice for Occupational Safety and Health" and "Safety Inspection Regulations" to enforce safety and health protection measures. 2. In order to protect and maintain the safety of the office area, the Company has set up a facial recognition access control system. All employees are required to wear identification cards when entering and leaving the building, and a surveillance system is in place to monitor and record 24 hours a day. Visitors are not allowed to enter the office area and must be received in the reception area. The main entrances and exits are guarded by security guards 24 hours a day to protect the personal safety of our employees. 3. Employees will be briefed on the safety regulations by person in charge of each unit at the time of reporting for work. 4. In order to effectuate the prevention and control of tobacco hazards, maintain the hygiene of the office environment and purify the air quality, and reject the health hazards caused by second-hand smoke. The Company's offices (areas), meeting rooms, stairwells, restrooms, dormitories and other indoor areas are all smoke-free except for the open balcony space and the legal smoking area. 5. The office area is nice and in good condition, and an environmental officer is assigned to each office area and each floor to supervise the environmental cleanliness of the area. 6. A complete fire safety system, including alarms, fire extinguishers, emergency lights, escape lights, escape doors, etc., is in place, and 	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>all equipment is inspected and replaced at least once a year.</p> <p>7. We cooperate with the fire department twice a year to conduct fire drills and escape route drills in the building.</p> <p>8. We conduct office carbon dioxide concentration monitoring and drinking water testing of water dispensers every six months.</p> <p>9. In response to the recent COVID-19 pandemic, in addition to strengthening the promotion of public health and cleaning and disinfection, employees and visitors are required to wear masks, take body temperature and disinfect their hands every day when they come to the company, and alcohol is placed at the entrance of each floor, antibacterial hand sanitizer is placed in the pantry, and alcohol/antibacterial hand sanitizer is placed in each meeting room for employees or visitors to use.</p> <p>10.A medical doctor is appointed to visit the company every two months to provide clinical services and professional nurses are employed to provide health services for workers, and we immediately share occupational safety and health related information in the "Occupational Safety and Health" page, which includes "Occupational Safety Bulletin" and "Registered Nurse Bulletin" .</p> <p>11.By organizing various club activities, employees can not only enhance their physical fitness and relieve physical fatigue, but also achieve a balance between work and leisure.</p> <p>12.Through regular annual employee health checkups and a variety of health seminars and health education information, employees can better grasp their health status and have the knowledge and methods of self-health management.</p> <p>13.We provide employees with term life insurance and accident insurance to increase their job protection.</p> <p>14.We provide a family-friendly workplace environment for employees by setting up a breastfeeding room.</p>	
(IV) Does the Company provide its employees with career	V		(IV) In order to cultivate talented employees, the Company has established	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
development and training sessions?			an effective career development training program for employees and provides various internal or external education and training courses from time to time. The total number of internal training and external training was 7,036 and the cost of education and training was NT\$6.01 million in 2022.	
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer or client protection policies and complaint procedures?	V		(V) The Company complies with relevant laws and regulations and international standards for its products and services to protect the rights and interests of its customers. The Company reinforces the concept of rule of law for the protection of customers' confidential information on its employees and suppliers at all times, and has set up a dedicated e-mail address to handle issues related to customer complaints.	None
(VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such issues?	V		(VI) The Company has established supplier management policies, which are mainly as follows: 1.Suppliers must meet its requirements in environmental protection, safety and health. Before engaging with any suppliers, the Company should evaluate whether they have records of environmental and social impacts, in addition to assessing quality, technology, finance, price, delivery time and service to meet the Company's requirements, and avoid trading with those that are in conflict with the corporate social responsibility policy. 2.Suppliers shall sign the "Supplier Commitment" in accordance with the Company's regulations, strictly abide by ethical corporate management, sustainable environmental development and protection of basic human rights, and jointly comply with CSR-related regulations. 3.The Company's supplier appraisal program has included corporate social responsibility (CSR) sustainability assessment to promote the cooperation of suppliers to jointly comply with CSR-related norms, give full play to corporate social influence, and promote the balanced and sustainable development of the economy, society and the environment and ecology.	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>4.Once a cooperative relationship is established between the Company and its suppliers, both parties shall maintain a stable cooperative relationship in a mutually trustworthy manner. material projects shall stipulate the rights and obligations of both parties by contract, and require suppliers to comply with CSR policy-related laws and regulations including environmental protection, safety, health issues, etc., and shall abide by relevant codes of conduct of integrity. If necessary, suppliers shall be required to provide a declaration or relevant certification. The Company may terminate or cancel the contract at any time if any supplier is involved in a violation of the CSR policy or has a significant impact on the environment and society.</p> <p>5.The Company mainly distributes and represents products from international brands. In addition to ensuring that the Company's products comply with international standards and regulations such as the European Union, the Company will include in the evaluation of suppliers whether they provide relevant certifications, including ISO 9001 quality management system certification, ISO 27001 information security management system, ISO 14001 environmental certification, occupational safety and health management system certification, and energy efficiency certification.</p> <p>6.The Company cooperates with suppliers to fulfill corporate social responsibility.</p> <p>7.The Company conducts annual supplier evaluations. Please refer to the Company's website: Supplier Management for information on supplier sustainability management measures and implementation.</p>	
V. Did the company, following internationally recognized standards or guidelines, prepare and publish reports such as its Corporate Sustainable Development report to disclose non- financial information of the company? Has the company received assurance or certification of the aforesaid		V	The Company has disclosed relevant and reliable information on the Company's website, the Market Observation Post System and Annual Report.	The Company has not yet compiled Corporate Sustainable Development report, and will prepare Corporate Sustainable Development report with reference to internationally

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
reports from a third party accreditation institution?				recognized standards or guidelines.
VI. If the Company has established the corporate social responsibility best practice principles based on the " Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies ", please describe any discrepancy between the Principles and their implementation: None disparity.				
<p>VII. Other important information to facilitate better understanding of the company's Corporate Sustainable Development practices:</p> <p>In 2022, the Board of Directors of the Company approved the renaming of the former Corporate Governance and CSR Promotion Group to the Sustainable Development Promotion Group, with the President as the convener and the Vice Convener coordinating the three subgroups, including Corporate Governance, Environmental Sustainability and Social Co-prosperity, responsible for the formulation of policies, systems or management policies related to sustainable development and the formulation of specific promotion plans, implementation and review of the effectiveness of implementation and regularly reports the implementation plans and results to the Board of Directors at least once a year. The main tasks are divided among the following three groups from the relevant departments to promote the implementation:</p> <p>(I) Corporate Governance Subgroup: Responsible for compliance with laws and regulations, Board of Directors' governance practices, implementation of internal control system, information security, information disclosure, risk management, shareholders' rights and interests, and other related work.</p> <p>(II) Environmental Sustainability Subgroup: Responsible for environmental protection, green environment, energy saving and carbon reduction, ecological sustainability, greenhouse gas inventory, and safety and health related work.</p> <p>(III) Social Co-prosperity Subgroup: Responsible for employee care, customer relations, supplier management, workplace safety, education and training, integrity management, human rights protection, and social benefit.</p> <p>The implementation results for 2022 and the plan for 2023 were reported to the Board of Directors on December 15, 2022.</p> <p>The main implementation results for 2022 are as follows:</p> <ol style="list-style-type: none"> 1. The issue of energy saving and carbon reduction has been the focus of international attention for years, and the technology-based service of energy saving has become an important development direction in the coming years. In response to this trend, we have developed a "Building Power Saving Management System" for domestic commercial/factory/residential buildings to establish a power saving service platform with an intelligent management mechanism to provide optimal power usage in buildings and assist owners in managing building power consumption to achieve the goal of doing our part for the earth. 2. In order to nurture outstanding talents and increase the opportunities for industry-academia cooperation between enterprises and academia, the Company actively participates in sponsoring scholarships and various activities of academic organizations. In 2022, the Company donated NT\$40,000 each to the "NCKUEE Cultural and Educational Foundation" and "National Dong Hwa University" and NT\$50,000 for scholarships to "Tamkang University", and employed 9 interns, including 1 from the Department of Information Science of National Taipei University of Education, 1 from the Department of Information Engineering of Cultural University, 5 from the Department of Information Management of Yuan Ze University, and 1 from the Department of Information Science of Takming University of Science and Technology with professional internship opportunities. 				

3. In order to develop talented people, we offer various education and training courses from time to time, and the implementation of education and training in 2022 was as follows:

(1) New employees: To enable new employees to understand the company's culture and rules and regulations as well as labor safety and health knowledge, we regularly hold two "New Employee Education and Training" courses every month, including "Basic Training Course" and "Safety and Health Education Training Course".

(2) Internal training: Various functional training courses are offered from time to time.

A. Sales staff: In addition to the courses on related agency products, eight SYSCOM product certification courses are held from time to time, and one major business training is held every quarter.

Note: Each salesperson is required to pass at least 2 product certifications each year.

B. Technical staff: In addition to the technical courses offered from time to time, there are 13 SYSCOM technical certification courses.

Note: Technical staff who write programs must hold three valid certifications, and technical staff who do not write programs must hold two valid certifications.

C. Leadership training: Senior/middle-level/junior leader training, in-person and digital teaching methods, 10 courses.

(3) In addition to internal functional training courses, employees may also apply for external training (including professional technical certification examinations) according to their needs.

(4) In 2022, the Company had 7,036 attendance in internal training and external training, and the cost of education and training was approximately NT\$6.01 million.

The main plans for 2023 are as follows:

1. In terms of corporate governance, we plan to continue to implement the Board of Directors' performance evaluation and improve the transparency of information on our website from 2023 onwards.
2. Continue to provide training courses for leaders, sales and technical staff.
3. Continuously participate in industry-academic cooperation, sponsorship of scholarships and application for research and development alternative military services.
4. Conduct awareness training courses on Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct, and Trade Secrets for employees.
5. Continue to promote energy conservation policies and conduct occasional environmental inspections in accordance with the "Environmental Management Regulations" and "Safety Inspection Regulations".
6. Encourage suppliers to obtain labels or certifications related to environmental protection, quality, and occupational safety and health, and continue to evaluate and manage suppliers.

(VI) Implementation status of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	
<p>I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>	<p>V</p> <p>V</p>		<p>(I) The Company has established the "Ethical Corporate Management Best Practice Principles", the "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" as approved by the Board of Directors in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies, to express the policies and practices of ethical corporate management, and the commitment of the Board of Directors and senior management to actively enforcing the ethical corporate management policy.</p> <p>(II) 1. The Company conducts its business in compliance with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, the regulations for listed companies, or other laws and regulations related to business practices.</p> <p>2. The Company has established the "Ethical Corporate Management Best Practice Principles", which covers all the prevention measures under Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies".</p> <p>3. The Company has specified the matters that the Company's personnel should pay attention to when performing business in the "Procedures for Ethical Management and Guidelines for Conduct". The Company prohibits the provision or receipt of improper benefits and regulates the measures for handling related activities with a higher risk of unethical conduct within the scope of business. The Company may terminate or cancel the contracts of suppliers, contractors or</p>	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	
(III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		<p>other partners at any time in the event of unethical conduct, except for the contractual requirement that the suppliers, contractors or other partners shall not engage in any illegal business practices and shall not provide improper benefits or bribes to employees.</p> <p>(III) 1. The Company's "Work Rules for Employees" also provides penalties for dishonest behavior.</p> <p>2. The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", the "Code of Ethical Conduct", and the "Code of Conduct for Anti-Corruption and Business Ethics and Activities", which specify the measures to be observed in performing business and prohibit the provision or acceptance of improper benefits. In the course of conducting business, the Company's personnel shall comply with the Company's ethical corporate management policies and related regulations and expressly refuse to offer, promise, request or accept, directly or indirectly, any improper benefits in any form or name, including kickbacks, commissions or other means of offering or accepting improper benefits. In order to ensure that all employees of the Company comply with the relevant regulations, the Company has established a "Whistleblower Reporting Regulations" to prevent personnel from violating the regulations.</p> <p>3. In addition to holding regular annual orientations, the Company also regularly reviews and amends relevant systems and operating procedures.</p>	
II. Ethic Management Practice				None
(I) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		(I) The Company evaluates the ethical management records of its counterparties of transactions and specifies the terms of ethical behavior in the contracts signed with them.	
(II) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on	V		(II) The Company has designated the Administration and Planning Division as the responsible unit for the promotion of ethical corporate management and is responsible for the formulation	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	
its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?			<p>and supervision of the implementation of ethical corporate management policies and prevention programs, reporting the performance to the Board of Directors at least once a year and disclosing the related contents on the Company's website. The implementation status of the Company's ethical corporate management policy:</p> <ol style="list-style-type: none"> 1.The Company has established the "Ethical Corporate Management Best Practice Principles", the "Procedures for Ethical Management and Guidelines for Conduct", and the "Code of Ethical Conduct" in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies, to actively enforce ethical corporate management policy, to let employees clearly understand ethical corporate management concepts and standards, to hold regular dialogues and occasional education and training related to ethical corporate management, to promote the principles of ethical corporate management and require its enforcement. 2.The "Work Rules for Employees" specify penalties for unethical behavior, and the Company has established the "Code of Conduct for Anti-Corruption and Business Ethics and Activities" to require all employees to comply with the relevant anti-corruption law. No unethical acts occurred in 2022 . 3.The Company has established procedures for handling complaints and confidentiality in the "SYSCOM COMPUTER Whistleblower Reporting Regulations", and no complaints were filed in 2022. 4.In 2022, we held training courses related to ethical corporate management issues, such as "Partner Training on Business Ethics and Anti-corruption", the "Personal Information Management System (PIMS)", "Information Security", "Human Rights Protection" and internal control courses for 4,465 attendees, totaling 5,772 person-hours. 	

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	
<p>(III) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</p> <p>(IV) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?</p> <p>(V) Does the company provide internal and external ethical conduct training programs on a regular basis?</p>	V		<p>5.The Administration and Planning Division reported the implementation status in 2022 to the Board of Directors on December 15, 2022.</p> <p>(III) The Company's policies related to the prevention of conflicts of interest are set forth in the "Procedures for Ethical Management and Guidelines for Conduct" and the "Code of Ethical Conduct". In addition to reporting to the immediate leader of their departments, employees within the Company may also report conflicts of interest directly to the head of the Administration Department.</p> <p>(IV) In order to enforce the ethical corporate management policy, the Company reviews all transactions and accounts in accordance with accounting principles and conducts special audits for special or questionable cases. The Audit Office has included the operations of the dishonesty prevention program in the audit plan, and will conduct audits of each department from time to time to implement the monitoring mechanism and control various risk management.</p> <p>(V) 1.The Company has established relevant operating regulations for employees to promote and make them clearly understand ethical corporate management concepts and standards.</p> <p>2.The Company will hold awareness educations from time to time to promote the principles of ethical corporate management and require its implementation.</p>	
<p>III. Implementation of Complaint Procedures</p> <p>(I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?</p>	V		<p>(I) The Company has established the "Whistleblower Reporting Regulations" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" to specify the procedures for handling whistleblower complaints and the related confidentiality mechanism. No complaints have been filed to date, and the Administration and Planning Division is the dedicated handling unit.</p>	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Description	
(II) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		(II) The handling procedures and the related confidentiality mechanism are specified in the Company's whistleblower reporting regulations.	
(III) Does the company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(III) The Company adopts a protection policy for whistleblowers and does not subject them to improper treatment due to their whistleblowing.	
IV. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	V		The Company has disclosed its Ethical Corporate Management Best Practice Principles on the Company's website, the Market Observation Post System and Annual Report.	None
V. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None disparity.				
VI. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy): In addition to the above, the Company's "Procedures for Ethical Management and Guidelines for Conduct" also govern the following: (I) Prohibition of offering or accepting improper benefits (II) Declaration of the ethical corporate management policy is to the outside world (III) Ethical corporate management policy with business partners (IV) Contract specifying ethical corporate management				

(VII) For inquiries about the Corporate Governance Best Practice Principles and related regulations: Please refer to the Market Observation Post System and the Company's website for details of the Corporate Governance related regulations.

(VIII) Other important information to enhance understanding of the operations of the Company's corporate governance: The Company has been continuously improving its corporate governance practices for a long time. Please refer to the information on the Company's website <http://www.syscom.com.tw> for related corporate governance operations.

(IX) Implementation status of internal control system:

1. Internal Control System Statement

SYSCOM COMPUTER ENGINEERING CO.(Stock Code:2453)
Internal Control System Statement

Date: March 17, 2023

With regard to the 2022 internal control system, the Company declares the following based on the self-evaluation findings:

1. The Company is fully aware that establishing, implementing, and maintaining an internal control system are the responsibility of its Board of Directors and managerial officers. The Company has established such a system to provide reasonable assurance for attaining the aims of the effectiveness and efficiency of business operations (including profits, performance, safeguarding of asset security, etc.); reliability, timeliness, transparency of reporting; and compliance with the governing laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system provides assurance to the aforementioned aims only to a reasonable extent. Moreover, due to changes of environments and circumstances, the effectiveness of an internal control system may change accordingly. Nevertheless, the internal control system of the Company is equipped with a self-monitoring mechanism, and the Company takes corrective actions as soon as any fault is identified.
3. The Company determines the design and operating effectiveness of its internal control system in accordance with the determining factors provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system determining factors specified in the Regulations divide an internal control system into five elements based on its management: 1. Control Environment, 2. Risk Assessment, 3. Control Operations, 4. Information and Communications, and 5. Monitoring. Each element further contains several items. Refer to the Regulations for the aforementioned items.
4. The Company has adopted the aforementioned internal control system determining factors to examine the design and operating effectiveness of its internal control system.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, the Company deems that the internal control system as of December 31, 2022 (including supervision and management of subsidiaries), which encompass internal controls for knowledge of the accomplishment degree of operating effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with the governing laws and regulations, are effectively designed and implemented, and reasonably assure accomplishment of the abovementioned aims.
6. This Statement constitutes the main content of the Company's annual report and prospectus, and will be made public. Any wrongful act pertaining to falsification or concealment involving the above public declaration will be subjected to legal liabilities under Articles 20, 32, 171, and 174 of, and other regulations relating to, the Securities and Exchange Act.
7. This Statement was approved by the Board Meeting of the Company held on March 17, 2023, where none of the seven attending directors expressed dissenting opinions, and all consented to the content of this Statement.

Syscom Computer Engineering Co.

Chairman : Jui-Fu Liu

President : Jui-Long Liu

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) During the most recent year or during the current year up to the date of publication of the Annual Report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, and the results of such punishments may have a material effect on shareholder equity or securities price, the contents of the punishments, major deficiencies and improvements should be listed: None.

(XI) Important resolutions of the shareholders' meeting and board meeting during the most recent year or during the current year up to the date of publication of the Annual Report:

1. Shareholders' meeting:

Date	Important resolutions	Implementation status
2022.06.15 Regular shareholders' meeting	1. Adoption of 2021 Business Report and Financial Statements. 2. Adoption of 2021 earnings distribution proposal. 3. Approval of the amendments to the "Rules of Procedure for Shareholders' Meetings". 4. Approval of the amendments to the "Articles of Incorporation". 5. Approval of the amendments to the "Procedures for Acquisition and Disposal of Assets"	1. Implemented in accordance with the resolutions of the shareholders' meeting. 2. July 20, 2022 was set as the base date for distribution and August 9, 2022 as the payment date, and cash dividends of NT\$1.9 per share were distributed in accordance with the resolution of the shareholders' meeting. 3. The amended "Rules of Procedure for Shareholders' Meetings" have been followed for the operations. 4. The amendments were registered on June 28, 2022 upon approval by the Ministry of Economic Affairs and announced on the Company's website. 5. The amended "Procedures for Acquisition and Disposal of Assets" have been followed for the operations

2. Board of Directors

Date	Important resolutions
1st meeting in 2022 2022.03.18	1. 2021 Business Report. 2. Report on the results of performance evaluation of the Board of Directors for 2021. 3. Approval of 2022 business plan and budget. 4. Approval of review matters of the 3rd meeting of the 5th Remuneration Committee. 5. Approval of the 2021 profit-sharing remuneration proposal for employees and directors. 6. Approval of the renewal of directors' and managerial officers' liability insurance. 7. Approval of the financial statements and business report for 2021. 8. Approval of 2021 earnings distribution proposal. 9. Approval of the amendments to the "Articles of Incorporation". 10. Approval of the amendments to the "Procedures for Acquisition and Disposal of Assets". 11. Approval of the amendments to the "Rules of Procedure for Shareholders' Meetings". 12. Approval of the amendments to the "Corporate Governance Best Practice Principles". 13. Approval of the amendments to the "Corporate Social Responsibility Best Practice Principles". 14. Approval of the subjects of the 2022 regular shareholders' meeting. 15. Approval of the acceptance of the proposals of shareholders holding more than one percent of shares. 16. Approval of the evaluation of the independence and competency and appointment of attesting CPAs. 17. Approval of the "Assessment of the Effectiveness of Internal Control System" and "Internal Control System Statement" for 2021. 18. Approval of bank financing lines. 19. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.
2nd meeting in 2022 2022.05.11	1. Report on greenhouse gas inventory and verification schedule planning. 2. Approval of the review of the financial statements for 1Q2022. 3. Approval of the amendments to the "Corporate Governance Best Practice Principles". 4. Approval of the amendments to the "Procedures for Handling Material Inside Information and Procedures for the Prevention of Insider Trading". 5. Approval of bank financing lines. 6. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.
3rd meeting in 2022 2022.08.10	1. Report on greenhouse gas inventory and verification schedule planning. 2. Approval of the review of the financial statements for 2Q2022.

	3. Approval of the name change and organizational amendments to the "Corporate Governance and CSR Promotion Group". 4. Approval of the renewal of office lease upon expiration. 5. Approval of bank financing lines. 6. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.
4th meeting in 2022 2022.11.10	1. Report on greenhouse gas inventory and verification schedule planning. 2. Approval of the review of the financial statements for 3Q2022. 3. Approval of the audit plan for 2023. 4. Approval of review matters of the 4th meeting of the 5th Remuneration Committee. 5. Approval of the amendments to the "Rules of Procedure for the Board of Directors' Meetings". 6. Approval of the amendments to the "Procedures for Handling Material Inside Information and Procedures for the Prevention of Insider Trading". 7. Approval of bank financing lines. 8. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.
5th meeting in 2022 2022.12.15	1. Report on the promotion of sustainable development. 2. Report on the operations of ethical corporate management. 3. Report on intellectual property management plan and its implementation status. 4. Report on information security policy and management. 5. Report on the operations of risk management policy and procedures. 6. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.
1st meeting in 2023 2023.03.17	1. 2022 Business Report. 2. Report on the results of performance evaluation of the Board of Directors for 2022. 3. Report on greenhouse gas inventory and verification schedule planning. 4. Approval of 2023 business plan and budget. 5. Approval of review matters of the 5th meeting of the 5th Remuneration Committee. 6. Approval of the 2022 profit-sharing remuneration proposal for employees and directors. 7. Approval of the renewal of directors' and managerial officers' liability insurance. 8. Approval of the financial statements and business report for 2022. 9. Approval of 2022 earnings distribution proposal. 10. Approval of the amendments to the "Articles of Incorporation". 11. Approval of the amendments to the "Corporate Governance Best Practice Principles". 12. Approval of the "Regulations on Financial and Business Transactions between Related Parties" (replacing the "Regulations on Financial and Business Transactions with Group Enterprises, Specific Companies and Related Parties"). 13. Approval of the amendments to the "Sustainable Development Best Practice Principles". 14. Approval of the establishment of the "Pre-Approval Policy for Non-Assurance Services" and pre-approval list of non-assurance services. 15. Approval of the subjects of the 2023 regular shareholders' meeting. 16. Approval of the acceptance of the proposals of shareholders holding more than one percent of shares. 17. Approval of the evaluation of the independence and competency and appointment of attesting CPAs. 18. Approval of the "Assessment of the Effectiveness of Internal Control System" and "Internal Control System Statement" for 2022. 19. Approval of bank financing lines. 20. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.

(XII) If the directors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and the current year up to the date of publication of the Annual Report, please state the content of the opinion: None.

(XIII) For the most recent year or the current year up to the date of publication of the Annual Report, summary of the resignation and dismissal of the Company's chairman, president, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer: None.

V. Information on CPA professional fees:

(I) Information on CPA professional fees:

Unit: Thousands of NTD

CPA firm	CPA name	CPA audit period	Audit fees	Non-audit fees (Note)	Total	Remark
Deloitte & Touche	Hsin-Wei Tai Pei-De Chen	2022.01.01-2022.12.31	2,512	508	3,020	

Note: Non-audit fees include \$408 thousand, for tax returns, \$70 thousand, for government subsidy project audits, and \$30 thousand, for review of full-time employee salary checklist for non-executive positions.

(II) The audit fees paid in the year of the replacement of CPA firm is less than the audit fees in the year before the change, The audit fees before and after the replacement should be disclosed and the reasons therefor: None.

(III) Where the audit fees have decreased by 10% or more from the previous year, the amount, percentage and reasons therefor should be disclosed: None

VI. Information on Replacement of CPAs: None

VII. Any of The Company's Chairman, President, or managerial officers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent year: None

VIII. Changes in transfer and pledge of shares by directors, managerial officers and shareholders with more than 10% shareholding in the most recent year up till the date of publication of this Annual Report

(I) Changes in shareholdings of directors, managerial officers and major shareholders

Job title	Name	2022		The current year up to April 15	
		Increase(decrease) in the number of shares held	Increase(decrease) in the number of shares pledged	Increase(decrease) in the number of shares held	Increase(decrease) in the number of shares pledged
Chairman/Chief Strategy Officer Major shareholder	Jui-Fu Liu	0	0	0	0
Director and President	Jui-Long Liu	0	0	0	0
Director	Po-Wen Wang	0	0	0	0
Director	Chih-Chun Liu	1,187,878	0	0	0
Independent Director	Che-Fu Kung	0	0	0	0
Independent Director	Wang-Ying Yu	0	0	0	0
Independent Director	Chung-Lieh Kuo	0	0	0	0
Vice President	Chin-Hsiang Hsu	0	0	(18,000)	0
Vice President	Chao-Lai Wu	0	0	0	0
Vice President	Anthony Tseng	0	0	0	0
Vice President	Chen-Huan Li	0	0	(6,000)	0
Vice President	Kuei-Sheng Yuan	0	0	0	0
Vice President	Chun-Cheng Li	0	0	0	0
Vice President	Shun-Liang Hsieh	0	0	0	0
Vice President	Bing-Sen Su	0	0	0	0
Vice President	Chin-Fen Wu	0	0	0	0
Vice President	Nai-Cheng Cheng	0	0	0	0
Vice President	Tsan-Chang Li	0	0	0	0
Sales Vice President	Li-Chang Wu	0	0	0	0
Project Vice President	Yen-Nien Hu	0	0	0	0
Sales Vice President	Yu-Lung Hsueh	0	0	0	0
Sales Vice President	Cheng-Tung Ko	0	0	0	0
Sales Vice President	Hsu-Hung Chen	0	0	0	0
Sales Vice President (Note 1)	Kuang-Keng Liang	(6,000)	0	0	0
Sales Vice President	Shu-Ching Lin	0	0	0	0
Sales Vice President (Note 2)	Ming-Feng Li	0	0	0	0
Chief Technology Officer	Ching-Tzu Shih	0	0	0	0
Principal Division Chief	Jia-Chang Chang	14,000	0	(15,917)	0

Chief R&D Officer	Tsai-Cheng Chen	0	0	(56)	0
Principal Division Chief	Tsai-Chi Sung	0	0	0	0
Principal Division Chief	Chih-Wei Wen	0	0	(25,286)	0
Chief Finance Officer	Li-Chueh Du	0	0	0	0
Principal Division Chief	Ming-Kun Lin	0	0	0	0
Principal Division Chief	Chien-Yi Li	0	0	0	0
Principal Division Chief	Chih-Chung Chen	(8,000)	0	(8,000)	0
Principal Division Chief	Feng-Lin Yen	0	0	0	0
Senior Assistant VP	Mao-Ming Wang	0	0	0	0
Principal Division Chief	Ta-Yu Teng	0	0	0	0
Principal Division Chief	Po-Shu Hsueh	0	0	0	0
Assistant VP	Kai-Tsung Wang	0	0	0	0
Principal Division Chief	Cheng-Wu Shao	0	0	0	0
Senior Assistant VP	Mei-Ling Yang	0	0	0	0
Senior Division Chief	Wen-Hsiung Yeh	0	0	0	0
Principal Division Chief	Kun-Ting Chiu	0	0	0	0
Division Chief	Yen-Mei Lin	0	0	0	0
Principal Division Chief	Yung-Chen Yang	0	0	(9,000)	0
Division Chief	Shu-Hua Liu	0	0	(3,000)	0
Principal Division Chief	Chao-Yi Wu	0	0	0	0
Senior Assistant VP	Hung-Chun Chao	0	0	0	0
Division Chief	Wen-Ching Tsai	0	0	0	0
Senior Assistant VP	Chun-Yi Chao	0	0	0	0
Senior Division Chief	Chia-Yuan Yeh	0	0	0	0
Division Chief	Chia-Ru Liu	0	0	0	0
Senior Assistant VP (Note 3)	Hsiao-Shu Ma	0	0	0	0
Principal Division Chief	Te-Li Chen	0	0	0	0
Principal Division Chief	Yi-Lun Wang	0	0	0	0
Division Chief	Chi-An Hsueh	0	0	0	0
Division Chief	Chi-Hsiang Tang	0	0	0	0
Division Chief	Nai-Fang Cheng	0	0	0	0
Senior Assistant VP	Yao-Chang Chen	0	0	0	0
Principal Division Chief	Yi-Ming Chang	0	0	0	0
Division Chief	Ping-Chieh Wu	0	0	0	0
Division Chief	Cheng-Yu Li	0	0	0	0
Senior Assistant VP	Chia-Ching Li	0	0	0	0
Senior Assistant VP	Tsang-Sung He	0	0	0	0
Principal Division Chief	Huang-Hsiang Yang	0	0	0	0
Project Assistant VP (Note 4)	Chen-Chou Huang	0	0	(950)	0
Division Chief	Wen-Po Hsu	0	0	0	0
Division Chief	Erh-Wei Dai	0	0	(500)	0
Principal Division Chief	Hui-Yi Lin	5,000	0	(8,000)	0
Division Chief (Note 5)	Chiung-Huang Chiang	0	0	0	0

Senior Assistant VP	Tien-Chih Yen	0	0	0	0
Assistant VP	Hao-Cheng Yang	0	0	0	0
Principal Division Chief	Wan-Tan Lin	0	0	0	0
Principal Division Chief	Fu-Chien Cheng	0	0	0	0
Division Chief	Hung-Yi Lin	0	0	0	0
Division Chief	Chiung-We Hsu	0	0	0	0
Principal Division Chief	Chiu-Jung Chiang	0	0	0	0
Senior Assistant VP	Shih-Fang Chang	0	0	0	0
Senior Assistant VP	Chia-Hsu Hsiao	0	0	0	0
Assistant VP	Li-Chun Lin	0	0	0	0
Acting Assistant VP	Chin-Yu Chen	0	0	0	0
Principal Division Chief	Rui-Ching Lin	0	0	0	0
Division Chief	Mei-Feng Chang	0	0	0	0
Senior Division Chief	Chih-Cheng Lin	0	0	0	0
Project Division Chief	Kang-Yuan Fan	0	0	0	0
Assistant VP	Wei-Min Chen	0	0	0	0
Division Chief	Wei-Jen Cheng	0	0	0	0
Senior Division Chief	Yu-Ting Tseng	0	0	0	0
Assistant VP	Yi-Chun Liu	0	0	0	0
Project Division Chief	Yen-Fu Chou	0	0	0	0
Principal Division Chief	Chin-Yi Liao	0	0	0	0
Division Chief	Chun-Feng Lin	0	0	0	0
Project Assistant VP	Chun-Hua Liu	0	0	(3,000)	0
Project Assistant VP	Chung-Chieh Wu	0	0	0	0
Assistant VP	Hung-Yu Hsu	0	0	0	0
Principal Division Chief	Min-Chung Huang	0	0	0	0
Assistant VP	Po-Yi Chen	0	0	0	0
Division Chief	Kuan-Chih Chen	0	0	0	0
Division Chief	Chun-Fu Yang	0	0	0	0
Division Chief	Ta-Jen Hsu	0	0	0	0
Division Chief	Chung-Chun Lin	0	0	0	0
Senior Division Chief	Tai-Yuan Hu	0	0	0	0
Division Chief	Shu-Chuan Chiu	0	0	0	0
Project Assistant VP	Yung-Kang Chang	0	0	0	0
Division Chief (Note 6)	Hsu-Sheng Kao	0	0	0	0
Division Chief	Meng-Hung Pan	0	0	0	0
Division Chief	Fan-Ying Chang	0	0	0	0
Division Chief	Yu-Hsiang Lin	0	0	0	0
Division Chief	Yu-Chung Huang	0	0	0	0
Assistant VP	Yu-Kang Tseng	0	0	0	0
Project Division Chief	Tsang-Wei Chang	0	0	0	0
Senior Division Chief	Wei-Pi Chou	0	0	0	0
Assistant VP	Cheng-We Hung	0	0	0	0
Division Chief	Chun-Tzu Chen	0	0	0	0
Assistant VP	Chiu-Hua Lin	0	0	0	0
Acting Division Chief	Yi-Hsuan Lai	0	0	0	0
Project Assistant VP	Hsin-Jung Lu	0	0	0	0
Project Assistant VP	Chia-Tzu Lin	0	0	0	0

Project Assistant VP	Jo-Han Hsieh	0	0	0	0
Acting Assistant VP	Chia-Yu Chen	0	0	0	0
Project Division Chief	Ta-Chung Kuo	0	0	0	0
Project Division Chief	Yu-Hsiang Lin	0	0	0	0
Project Division Chief	Chih-Shan Chen	0	0	0	0
Division Chief	Ching-Wang Huang	0	0	0	0
Division Chief	Yuan-Chuan Yeh	0	0	0	0
Senior Division Chief	Che-Zhe Liu	0	0	0	0
Project Assistant VP	Yung-Pin Du	0	0	0	0
Division Chief	Hsiang-Teng Yeh	0	0	0	0
Project Division Chief	Ching-Hsun Hou	0	0	0	0
Division Chief	Yu-Na Chiu	0	0	0	0
Division Chief	Chih-Kai Hsu	0	0	0	0
Corporate Governance Officer	Chun-Yen Chen	0	0	0	0
Division Chief	Shan-Mao Cheng	0	0	0	0
Assistant VP	Ying-Ya Wang	0	0	0	0
Assistant VP	Chen-Kai Hua	0	0	0	0
Acting Assistant VP	Yu-Hsuan Kuo	0	0	0	0
Project Assistant VP	Hsuan-Fa Huang	0	0	0	0
Project Assistant VP	Kuo-Shu Hsu	0	0	0	0
Division Chief	Yung-Ching Chen	0	0	0	0
Division Chief	Chung-Yi Lin	0	0	0	0
Division Chief	Hsin-Yi Li	0	0	0	0
Acting Division Chief	Yu-Chia Hsiao	0	0	0	0
Division Chief	Ting-Jung Chang	0	0	0	0
Division Chief	Chia-Yi Tsao	0	0	0	0
Division Chief (Note7)	Fu-Yuan Wen	0	0	0	0
Division Chief (Note 7)	Yi-Feng Lai	0	0	0	0
Project Assistant VP (Note 8)	Yi-Ling Hsu	0	0	0	0
Project Assistant VP (Note 8)	Hung-Jen Hsiao	0	0	0	0
Project Assistant VP (Note 8)	Yi-Cheng Wu	0	0	0	0
Project Assistant VP (Note 8)	Sheng-Yu Chen	0	0	0	0
Division Chief (Note 9)	Ling-Hao Chen	0	0	0	0
Division Chief (Note 10)	Chun-Wen Yu	0	0	0	0
Division Chief (Note 11)	Cheng-Heng Deng	0	0	0	0
Acting Assistant VP (Note 12)	Ying-Ying Hsu	0	0	0	0
Division Chief (Note 13)	Chi-Cheng Chih	0	0	0	0
Principal Division Chief (Note 14)	Te-Kuei Chiu	0	0	0	0
Division Chief (Note 15)	Hung-Jui Hsieh	0	0	0	0
Division Chief (Note 15)	Zhong-Yan Wu	0	0	0	0
Division Chief (Note 15)	Hao-Fan Liu	0	0	0	0
Division Chief (Note 16)	Chiung-Ying Tai	0	0	0	0
Acting Division Chief (Note 17)	Yao-Jen Yeh	0	0	0	0
Major shareholder	Su-Chen Yang	(1,187,878)	0	(92,000)	0

Note 1: Took office on January 17, 2022.

Note 2: Took office on July 11, 2022.

Note 3: Left office on February 28, 2023.

Note 4: Left office on March 20, 2023.
Note 5: Left office on March 31, 2022.
Note 6: Left office on May 31, 2022.
Note 7: Took office on May 11, 2022.
Note 8: Took office on June 1, 2022.
Note 9: Took office on June 20, 2022.
Note 10: Took office on July 1, 2022.
Note 11: Took office on August 10, 2022.
Note 12: Took office on August 22, 2022.
Note 13: Took office on September 1, 2022.
Note 14: Took office on November 5, 2022.
Note 15: Took office on March 17, 2023.
Note 16: Took office on March 22, 2023.
Note 17: Took office on March 27, 2023.

(II) Information on the related party who is the counterparty of equity transfer:

Name	Reason for the equity transfer	Transaction date	Counterparty of the transaction	Relationship between the counterparty and the Company, its directors and shareholders holding more than 10% of the stake	Number of shares	Transaction price
Su-Chen Yang	Disposal (gift)	2022.11.24	Chih-Chun Liu	Mather and daughter	1,187,878	23.10

Except for the above-mentioned share transfers, all other transfers were transacted in the centralized order market and the counterparties were unrelated parties, so no disclosure was required.

(III) Information on the related party who is the counterparty of equity pledge: None.

IX. Information on the relationship among the top 10 shareholders if anyone is a related party, a spouse or a relative within second degree of kinship of another:

April 15, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Jui-Fu Liu	18,346,787	18.35%	8,432,001	8.43%	0	0	Su-Chen Yang Furly Chih-Chun Liu Chi-Shan Liu Chuan Gao	Spouse Spouse as its major shareholder Father and daughter Father and daughter Natural person as its major shareholder	None
Furly Investment Co., Ltd. Representative: Bing-Sen Su	8,529,801	8.53%	0	0	0	0	Jui-Fu Liu Su-Chen Yang Chih-Chun Liu Chi-Shan Liu Chuan Gao	Spouse of a major shareholder The major shareholder Child of a major shareholder Child of a major shareholder The spouse of the major shareholder as its major shareholder	None
Su-Chen Yang	8,432,001	8.43%	18,346,787	18.35%	0	0	Jui-Fu Liu Furly Chih-Chun Liu Chi-Shan Liu Chuan Gao	Spouse Natural person as its major shareholder Mother and daughter Mother and daughter Spouse of a major shareholder	None
Chi-Shan Liu	7,598,911	7.60%	0	0	0	0	Jui-Fu Liu Su-Chen Yang Furly Chih-Chun Liu Chuan Gao	Father and daughter Mother and daughter Mother as major shareholder Sisters Father as major shareholder	None
Chih-Chun Liu	4,375,567	4.38%	0	0	0	0	Jui-Fu Liu Su-Chen Yang Furly Chi-Shan Liu Chuan Gao	Father and daughter Mother and daughter Mother as major shareholder Sisters Father as major shareholder	None
Chuan Gao Investment Co., Ltd. Representative: Meng-Chih Han	2,717,497	2.72%	0	0	0	0	Jui-Fu Liu Su-Chen Yang Furly Chih-Chun Liu Chi-Shan Liu	The major shareholder Spouse of a major shareholder The spouse of the major shareholder as its major shareholder Child of a major shareholder Child of a major shareholder	None
Investment account held by HSBC in custody	850,000	0.85%	0	0	0	0	None	None	None

for Ensign Peak Advisors Inc.									
Investment account held by HSBC in custody for Acadian Emerging Market Small-Cap Equity Primary Fund	688,000	0.69%	0	0	0	0	None	None	None
Shui-Ching Lai	513,000	0.51%	0	0	0	0	None	None	None
Chih-Yung Li	444,000	0.44%	0	0	0	0	None	None	None

X. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, managerial officers, or any companies controlled either directly or indirectly by the Company

December 31, 2022

Unit: Shares; %

Investee (Note)	Investment by the Company		Investment by directors, managerial officers, and any companies controlled either directly or indirectly by the Company		Total investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Casemaker Inc.	1,300,000	100.00%	0	0	1,300,000	100.00%
Netmaker Technology Co., Ltd.	2,857,800	86.60%	23,100	0.70%	2,880,900	87.30%
Wisemaker Technology Co.	2,665,350	98.72%	6,750	0.25%	2,672,100	98.97%
Syscom Computer (Thailand) Co., Ltd.	3,399,997	91.40%	45,002	1.21%	3,444,999	92.61%
Coach Technology Management Inc.	1,949,994	97.50%	10,001	0.50%	1,959,995	98.00%
Syscom International Inc.	6,050,000	100.00%	0	0	6,050,000	100.00%
DBMaker Japan Inc.	5,326	49.89%	0	0	5,326	49.89%
Cloudmaster Co., Ltd.	6,500,000	50.00%	0	0	6,500,000	50.00%

Note: The Company's investments accounted for using the equity method

Four. Fund raising

I.Capital and stock

(I) Sources of capital:

April 15, 2023

Year/ month	Issue price	Authorized capital		Paid-in capital		Remark		
		Number of shares (Thousands of shares)	Amount (Thousands of NTD)	Number of shares (Thousands of shares)	Amount (Thousands of NTD)	Sources of capital	Using property other than cash as payment of shares	Date of approval of capital increase and document number
1975/07	100	10	1,000	10	1,000	Establishment	None	-
1978/07	100	20	2,000	20	2,000	Capital increase of \$1 million by cash	None	NO. 84015
1979/05	100	100	10,000	100	10,000	Capital increase of \$8 million by cash	None	NO. 91731
1983/03	100	250	25,000	250	25,000	Capital increase of \$15 million by cash	None	Jing-(1983)-Shang No. 10071
1989/01	100	1,010	101,000	1,010	101,000	Capital increase of \$76 million by cash	None	Jing-(1989)-Shang No. 003593
1989/12	10	19,500	195,000	19,500	195,000	Capital increase of \$94 million by cash	None	Jing-(1989)-Shang No. 134024
1990/11	10	60,000	600,000	60,000	600,000	Capital increase of \$405 million by cash	None	Jing-Tao-Shen-(1990)-Gong- Shang-Zi No. 8136
1993/10	10	72,000	720,000	72,000	720,000	Capital increase of \$120 million from earnings	None	Jing-Tao-Shen-(1993)-Gong- Shang-Zi No. 7679
1995/10	10	75,600	756,000	75,600	756,000	Capital increase of \$36 million from earnings	None	Jing-(1995)-Shang No. 114199
2001/07	10	157,000	1,570,000	88,452	884,520	Capital increase of \$128.52 million from earnings	None	Jing-(2001)-Shang-Zi No. 09001269100
2002/07	10	157,000	1,570,000	94,201	942,014	Capital increase of \$57.49 million from earnings	None	Jing-Shou-Shang-Zi No. 09101358220
2005/09	10	157,000	1,570,000	100,000	1,000,000	Capital increase of \$57.99 million from earnings	None	Jing-Shou-Shang-Zi No. 09401180640

Unit: Shares

Type of shares	Authorized capital					Unit: Shares
	Outstanding shares			Unissued shares	Total	Remark
	Listed on TWSE (TPEx)	Unlisted on TWSE (TPEx)	Total			
Registered common shares	100,000,000	-	100,000,000	57,000,000	157,000,000	Shares of TWSE-listed companies

(II) Shareholder Composition

April 15, 2023

Shareholder Composition Number	Government agency	Financial institution	Other corporation	Individual	Foreign institution and foreigner	Total
Number of people	0	0	27	13,017	42	13,086
Number of shares held	0	0	11,668,143	83,847,972	4,483,885	100,000,000
Shareholding percentage	0%	0%	11.67%	83.85%	4.48%	100.00%

Note: The shareholding percentage by Mainland Chinese investors in the Company is 0.

(III) Distribution of Shareholding

April 15, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	2,317	366,029	0.37%
1,000 to 5,000	9,152	16,689,089	16.69%
5,001 to 10,000	934	7,610,909	7.61%
10,001 to 15,000	224	2,922,657	2.92%
15,001 to 20,000	172	3,208,225	3.21%
20,001 to 30,000	113	2,938,422	2.94%
30,001 to 40,000	40	1,431,220	1.43%
40,001 to 50,000	39	1,797,842	1.80%
50,001 to 100,000	52	3,888,066	3.89%
100,001 to 200,000	21	2,846,095	2.85%
200,001 to 400,000	9	2,534,320	2.53%
400,001 to 600,000	5	2,228,562	2.23%
600,001 to 800,000	1	688,000	0.68%
800,001 to 1,000,000	1	850,000	0.85%
More than 1,000,001	6	50,000,564	50.00%
Total	13,086	100,000,000	100.00%

(IV) List of major shareholders (Name of the top ten shareholders in terms of shareholding percentage)

April 15, 2023

Name of major shareholder	Shareholding	Number of shares held	Shareholding percentage
Jui-Fu Liu		18,346,787	18.35%
Furly Investment Co., Ltd.		8,529,801	8.53%
Su-Chen Yang		8,432,001	8.43%
Chi-Shan Liu		7,598,911	7.60%
Chih-Chun Liu		4,375,567	4.38%
Chuan Gao Investment Co., Ltd.		2,717,497	2.72%
Investment account held by HSBC in custody for Ensign Peak Advisors Inc.		850,000	0.85%
Investment account held by HSBC in custody for Acadian Emerging Market Small-Cap Equity Primary Fund		688,000	0.69%
Shui-Ching Lai		513,000	0.51%
Chih-Yung Li		444,000	0.44%

(V) Information on market price, net worth, earnings, dividends per share for the most recent two years

Item \ Year		2021	2022	2023 up to April 15 (Note 8)
Market price per share (Note 1)	Highest	32.25	32.10	71.90
	Lowest	16.60	22.85	25.45
	Average	25.27	27.37	56.54
Net worth per share (Note 2)	Before distribution	19.64	20.50	21.36
	After distribution	17.74	18.30	19.16
Earnings per share	Weighed average number of shares		100,000,000	100,000,000
	Earnings per share (Note 3)	Before adjustment	2.16	0.84
		After adjustment	2.16	0.84
Dividends per share	Cash dividends		1.90	2.20
	Stock dividends	Stock dividends from earnings	-	-
		Stock dividends from capital surplus	-	-
	Accumulated unpaid dividends (Note 4)		-	-
Investment return analysis	Price to earnings ratio (Note 5)		10.86	10.40
	Price to dividends ratio (Note 6)		12.34	11.86
	Cash dividends yield (Note 7)		8.10%	8.43%

Note 1 : List the highest and lowest market prices of each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2 : Enter based on the number of shares issued at the end of the year and the distribution in accordance with the resolution of the shareholders' meeting of the following year.

Note 3 : If there is a retroactive adjustment due to circumstances such as stock dividend, etc., earnings per share before and after the adjustment should be shown.

Note 4 : If equity securities are issued with terms that allow dividends unpaid in the current year to be accrued and accumulated until the year the Company makes a profit, the amount of accumulated undistributed dividends as of the current year should be disclosed separately.

Note 5 : Price to earnings ratio = Average closing price per share for the year/earnings per share

Note 6 : Price to dividends ratio = Average closing price per share for the year/cash dividends per share.

Note 7 : Cash dividends yield = cash dividends per share/average closing price per share for the year

Note 8 : Net worth per share and earnings per share should be presented with the data for the most recent quarter audited (reviewed) by CPAs as of the date of publication of the Annual Report; the remaining fields should be presented with the data for the current year as of the date of publication of the Annual Report.

(VI) Dividend policy and implementation status

1. The Company's dividend policy:

(1) Dividend policy as stipulated in the Company's Articles of Incorporation

To ensure the Company's stable growth, sustainable development, and long-term development, the Company considers the its future capital needs and long-term financial planning and distributes dividends with a moderate combination of cash and stock dividends, with balanced and stable dividends maintained, while determining the type, amount, and time of the dividends to be distributed as per the year's profit, capital budget planning, and capital amount. The Company shall distribute cash dividends at no less than 10% of the total dividends to be distributed in the year; however, if it has more abundant surplus and capital, it may raise said percentage.

(2) When distributing the Company's annual earnings as concluded by year-end accounting close, after paying all taxes, the Company shall first make up for prior years' losses and set aside 10% as legal reserve, except that when the accumulated legal reserve has reached the amount of total capital, no further provision shall be necessary; for the remainder, a special reserve shall be set aside or reversed as provided by law, and if there is any remaining balance, dividends can be made in an amount no less than 50% of the current year's profit after tax, provided that no other special circumstances apply.

2. Implementation status:

Dividend distribution proposed at the shareholders' meeting:

The Company's net profit after tax for 2022 is NT\$250,729,580 and the legal reserve is NT\$26,506,123 provided for in accordance with the regulations so the total amount of earnings available for distribution for the year is NT\$696,449,668. A cash dividend of NT\$220,000,000 (NT\$2.2 per share) to shareholders is proposed for 2022 earnings distribution by the Board of

Directors.

(VII) The effect of the proposed stock dividends of shares at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable.

(VIII) Profit-sharing remuneration for employees and directors

1. The percentage or range of profit-sharing remuneration for employees, directors and supervisors as set forth in the Articles of Incorporation:

(1) Article 21 of the Company's Articles of Incorporation: If the Company makes a profit in a fiscal year, it shall allocate no less than 3% of the balance as employee remuneration, which shall be distributed in stock or cash as per the resolution by the Board of Directors. The recipients shall include employees of the controlling company or subsidiaries who met certain criteria. The distribution of employee remuneration shall be reported to the shareholders' meeting. However, when the Company still has a cumulative deficit, it shall reserve an amount to compensate it first and then allocate an amount for employee remuneration according to the percentage set out in the preceding paragraph.

(2) Article 18 of the Company's Articles of Incorporation: The Board of Directors is authorized to determine the remuneration to the Chairman and directors based on their involvement in the Company's operations, the values of their contributions, and the general standard in the industry. All directors may be paid with honoraria depending on the actual situation.

(3) The Company's directors are currently paid only with the fixed monthly salary, travel expenses or attendance fees, and no variable remuneration.

2. The basis for estimating the amount of remuneration to employees, directors and supervisors, the basis for calculating the number of shares for employee remuneration distributed in stock, and the accounting treatment if the actual amount distributed differs from the estimated amount:

The profit-sharing remuneration for employees and directors for 2022 is estimated based on the provisions set forth in the Articles of Incorporation and is paid in cash and approved by the Board of Directors. If there is any difference between the actual amount and the estimated amount, it will be treated as a change in accounting estimate and will be adjusted in the year of the resolution of the shareholders' meeting.

3. Distribution of profit-sharing remuneration approved by the Board of Directors

(1) Distribution of profit-sharing remuneration for employees and directors: The Board of Directors resolved to distribute profit-sharing remuneration for employees of NT\$9,600,000 in cash and for directors of NT\$0. The proposed distribution amount is not different from the estimated amount of expenses recognized in 2022.

(2) The amount of employee remuneration distributed in stock and its proportion to the sum of net profit after tax and total employee remuneration on the parent company only or standalone financial statements for the period: Not applicable.

4. The actual distribution of the remuneration for employees, directors and supervisors in the previous year (including number of shares distributed, amount and share price), and if it is different from the remuneration recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed:

In 2021, the Company distributed profit-sharing remuneration for employees of NT\$8,450,000 in cash and for directors and supervisors of NT\$0, which are not different from the amounts recognized in the financial statements.

(IX) Share Repurchases by the Company: None

II. Issuance of Issuance of Corporate Bonds: None

III. Issuance of preferred shares: None

IV. Issuance of Global Depositary Receipts: None

V. Employee Share Subscription Warrants: None

VI. New Restricted Employee Shares: None

VII. Issuance of new shares in connection with mergers or acquisitions of shares of other

companies: None

VIII. Capital utilization plan and implementation status

(I) Contents of the plan

1. As of the quarter up to the date of publication of the Annual Report, the previous issuance or private placement of securities that had not been completed: None.
2. Previous issues or private placements of marketable securities that have been completed within the last three years and the benefits of the plans have not yet been realized: None.

(II) Implementation status: Not applicable

Five. Operations overview

I. Business activities

(I) Business scope

1.Main businesses conducted:

- (1) E601010 Electric Appliance Construction
- (2) E603050 Automatic Control Equipment Engineering
- (3) E605010 Computer Equipment Installation
- (4) E701010 Telecommunications Engineering
- (5) E701020 Satellite Television KU Channels and Channel C Equipment Installation
- (6) E701030 Controlled Telecommunications Radio-Frequency Devices Installation Engineering
- (7) E701040 Simple Telecommunications Equipment Installation
- (8) EZ05010 Instrument and Meters Installation Engineering
- (9) EZ99990 Other Engineering
- (10) F108031 Wholesale of Medical Devices
- (11) F113010 Wholesale of Machinery
- (12) F113030 Wholesale of Precision Instruments
- (13) F113050 Wholesale of Computers and Clerical Machinery Equipment
- (14) F113070 Wholesale of Telecommunication Apparatus
- (15) F113110 Wholesale of Batteries
- (16) F113990 Wholesale of Other Machinery and Tools
- (17) F118010 Wholesale of Computer Software
- (18) F119010 Wholesale of Electronic Materials
- (19) F208031 Retail Sale of Medical Apparatus
- (20) F213030 Retail Sale of Computers and Clerical Machinery Equipment
- (21) F213040 Retail Sale of Precision Instruments
- (22) F213050 Retail Sale of Measuring Instruments
- (23) F213060 Retail Sale of Telecommunication Apparatus
- (24) F218010 Retail Sale of Computer Software
- (25) F219010 Retail Sale of Electronic Materials
- (26) F401010 International Trade
- (27) F601010 Intellectual Property Rights
- (28) G903010 Telecommunications Enterprises
- (29) I103060 Management Consulting
- (30) I301010 Information Software Services
- (31) I301020 Data Processing Services
- (32) I301030 Electronic Information Supply Services
- (33) I501010 Product Designing
- (34) I599990 Other Designing
- (35) J202010 Industry Innovation and Incubation Services
- (36) J303010 Magazine (Periodical) Publishing

- (37) J304010 Book Publishing
- (38) JA02010 Electric Appliance and Electronic Products Repair
- (39) JA02990 Other Repair
- (40) JE01010 Rental and Leasing
- (41) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2.Sales percentage:

Main products and sales percentage in 2022	
Main products	Sales percentage (%)
System Integration Service & Computer Sales	77
Computer & Peripheral Maintenance	23
Computer & Peripheral Lease	-
Total	100

3.Current products (services) of the Company:

SYSCOM COMPUTER's services range from front-end planning, design, implementation, overall project management, consulting services, and integrated information system services. Main products/services are as follows.

- (1) Planning, construction and maintenance services for system integration
- (2) Electronic transaction processing and real-time risk management system
- (3) Planning, construction and maintenance services for securities information management solution
- (4) Planning, construction and maintenance services for futures information management solution
- (5) Planning, construction and maintenance services for banking information management solution
- (6) Planning, construction and maintenance services for medical information management solution
- (7) Planning, construction and maintenance services for intelligent bed solution
- (8) Planning, construction and maintenance services for NIS solution
- (9) Planning and construction of Network-Cloud network architecture
- (10) Planning, construction, and design services for telecommunications and enterprise SDDC
- (11) Planning, construction, and design services for SD-WAN
- (12) Planning, construction, and design services for SASE solution
- (13) Planning, construction, and design services for road management and automated information security solutions
- (14) Planning and construction for AI platform storage system
- (15) Planning, construction, and maintenance services for telecommunication network backbone
- (16) Overall planning, design and construction of large data center
- (17) Customized design of telecommunication network management, information security and continuous configuration solutions
- (18) Planning, construction and maintenance services for telecom value added service application solutions
- (19) Smart mobile ticketing system
- (20) Intelligent operation management system for bus transfer stations
- (21) Planning, construction, maintenance/continuous configuration services for public service agency shared data center
- (22) Planning, construction, and maintenance of network communication and information security gateway infrastructure for upward centralization of information resources in public offices and their affiliated agencies (organizations)
- (23) Business application systems and basic service systems for public offices (public affairs

- manpower management system interface, directory services, document file management, electronic mail, mail security gateway...) Planning, construction and maintenance services
- (24) Planning, construction and maintenance services for HCI solution
 - (25) Planning, implementation, and maintenance services for cloud-sensitive project collaboration platform and personal virtual workspace solution
 - (26) Construction and maintenance/continuous configuration services for new generation security operations (SecOps) information security incident management and information security linkage platform
 - (27) Planning for digital account online account opening system
 - (28) Information consulting services, information security services and manpower outsourcing services
 - (29) Consulting, planning and implementation services for overall information security architecture
 - (30) Overall planning and design for information security (Security) area joint defense
 - (31) Computer facility management outsourcing services
 - (32) Professional consulting services, professional management and maintenance services
 - (33) Planning, construction and maintenance services for cloud database and application system solution
 - (34) SYSCOM cloud computing services and cloud technology integration solutions
 - (35) System performance tuning and testing services
 - (36) Planning, construction and maintenance services for securities/futures high frequency transactions
 - (37) Service-based Robot, Ayuda
 - (38) E-Government Planning, Construction & Maintenance Services
 - (39) Self-developed enterprise integrated solutions and sales for AI, 5G, information security, big data and cloud applications
 - (40) (For more information on SYSCOM's self-developed enterprise integration solutions, please refer to SYSCOM syscomgo website)

4. New products (services) planned to be developed (including those under on-going development).

- (1) Secure Terminal Emulator – DRSE
- (2) AYUDA
- (3) DBMaker Docker Image
- (4) Opus One IP Continuous Configuration Management Platform
- (5) Shopping mall robots
- (6) Anti-pandemic service robots
- (7) OMFLOW Continuous Configuration Automation module
- (8) Hyper Automation Scanning Task Framework

(II) Industry overview

1. Current status and development of the industry

The information service industry is an indispensable part of national competitiveness, especially at a time of digital transformation and development of industries. The new generation of industrial competition and even national conflicts have highlighted the importance of information security. From the inauguration of the “Ministry of Digital Affairs” on August 27, 2022 to the establishment of the “National Institute of Cyber Security” on January 1, 2023, the government's emphasis on “information security is national security” is not just a slogan, but a way to enhance the overall information security technology capability of the country.

In the sixth phase (2021-2024) of the development direction of cyber security of the Executive Yuan, “active defense”, “zero trust” defense in depth, application of emerging technologies to develop active defense technologies, and enhancement of technological detection capabilities are emphasized. The amendments to the “Cyber Security Management Act” also specify that A and B level public agencies should introduce endpoint detection and response mechanism (EDR) to strengthen detection and implement incident investigation and notification. On December 27, 2022, the FSC released the “Financial Information Security Action Plan”

Version 2.0, which requires listed companies to set up information security units, assign information security officers, introduce international information security standards, and conduct information security attack and defense drills...etc., in order to continuously enhance the information security capabilities of financial institutions and serve as the basis for the innovative development of financial technology.

The future is the era of Internet of Things and artificial intelligence, collectively called AIOT, especially in the era of cloud and AI artificial intelligence, investment costs are relatively low, and with the advancement of 5G and AIOT technology, the integration of cloud and information security technology will be accelerated by smart technology and applications. Taiwan has superior geographical advantages, and as long as software vendors are well prepared to operate internationally, the future is full of business opportunities. As software is the basis for supporting hardware transformation, and the integration of software and hardware in the information and communication industry will become a trend in the future. Asia Silicon Valley 2.0 (promotion period from 2021 to 2024) is based on the two main axes of "Smart IoT Accelerates Industrial Evolution" and "Innovation and Entrepreneurship Drives the Future of Industry". It will actively introduce key technologies such as 5G and AI in the digital economy, encourage the export of AIoT solutions to the international market, and accelerate the growth and emergence of new businesses, with the aim of making Taiwan a key force in digital innovation in Asia.

2. Correlations among the upstream, midstream and downstream industries

Taiwan's computer system software service industry has thousands of companies, which can be further divided into software service industry, system integration service industry, and other system design service industry, where the computer software service industry accounts for about 90% of the total, with system integration being the largest. The system integration service operators provide services ranging from front-end planning, design, implementation, overall project management, consulting services, and integrated information system services, etc., based on the specific operational needs of customers. Most of the system integration service projects include different platforms and technologies, such as system and custom application development and integration of existing application software. Because of the high degree of customization in system integration projects, each project must establish a contract to define the specifications of the solution and the output performance at different levels. The final project output is a complete system that meets the purpose and technical specifications of the project definition.

Since its establishment, SYSCOM COMPUTER has been dedicated to large scale system integration and information application services, not only distributing software and hardware products from internationally renowned IT companies, but also utilizing its rich domain know-hows accumulated in different fields to provide customers with the best professional information services and assist enterprises in their digital transformation. development. The upstream industries include Cisco, Dell/EMC, Fortinet, Google Cloud Platform, HPE, Microsoft, VMWare, and other software and hardware manufacturers or agents, while the downstream covers financial institutions, telecom operators, government agencies, medical institutions, transportation, educational institutions, manufacturing areas, and other end-user organizations.

3. Development trends and competition of products

(1) Information security

With the impact of geopolitics, the new post-pandemic hybrid office norm, and the acceleration of enterprises' move to the cloud, the main focus of information security in 2023 is to continue to promote zero-trust and identity security, as well as password-free authentication; regarding the construction of protection systems, both the chief information security officer and public sector policies are key; in response to the accelerated pace of digital transformation, software supply chain protection and network security maturity model certification have also become the focus of IT industry development. Enterprises should adopt a zero-trust strategy to protect the environment and systems, adopt an integrated information security platform to improve information security transparency, invest in employee education and training, identify weaknesses in IT infrastructure through stress tests, and take stock of cloud services, which will help strengthen information security defense strategies and enhance the effectiveness of risk management.

(2) Cloud application services

Although the pandemic is gradually easing, there are still factors such as labor shortage, supply chain and inflation in the market, and the demand for cloud solutions from small and medium-sized enterprises is heating up. 65% of information service providers in Taiwan have planned or provided SaaS services, and IDC estimates that by 2025, 30% of small and medium-sized enterprises worldwide will move half of their core work to the cloud.

(3) Smart cities derive new smart services

"Smart cities" is a new concept in the planning, construction and governance of the world's major cities in recent years. The new generation of information technology, such as the Internet of Things, cloud computing, smart terminals, artificial intelligence, virtual reality, augmented reality, unmanned aerial vehicles, and building information models, are widely applied to urban infrastructure, companies and factories, and home life. It is an important indicator for governments to build smart cities to enhance the competitiveness of cities.

(4) Smart healthcare

According to the definition of WHO, smart health refers to the application of information and communication technology (ICT) in the field of health care, including medical care, public health monitoring, etc. The year 2022 can be said to be the first year of Taiwan's medical digitalization. After the four major medical regulations have been liberalized, with the powerful ties of technology, the "future hospital" will integrate software, hardware, data, and services, which will not only greatly improve the quality of services, but also begin to "decentralize" the entire medical practice.

(5) Service robots for commercial use

The robotics industry has become one of the key pillar industries in the global economy. IFR (International Federation of Robotics) estimates that the global robotics market will reach US\$51.3 billion by 2022. In terms of market structure, the global robotics industry is currently composed of industrial robots, service robots and special robots. More and more companies recognize that robots cannot replace human work, but are a way to enhance the efficiency of human employees. As more industries face worrying skill and labor shortages, robots are becoming a necessary way to fill the growing gap, but about 35% of organizations want robotics to be applied in combination with other technologies to empower humans and gradually address labor shortages.

(6) Green/sustainable IT

According to the ITHome 2022 CIO Survey, ESG corporate sustainability is in the top 10 annual goals for CIOs for the first time, with the majority of CIOs in the financial and high-tech industries. The most common IT practices of enterprises in response to ESG are paperless, energy saving in server rooms and going to the cloud. A few enterprises have also started to establish systematic carbon inventory monitoring mechanisms or develop carbon footprint dashboards to strengthen data monitoring and management. ESG sustainability attempts to link IT closely to the environment, applying it to different areas of corporate IT such as procurement, water resources, and technology product lifecycles to achieve environmental sustainability.

(7) Outsourcing services

With the recent wave of digital transformation and the changing structure of the information workforce, "outsourcing IT services" has become a top choice for business managers. According to a McKinsey survey, more than 85% of global organizations are facing a talent shortage, which has led to an increase in outsourcing in the IT field. Global organizations recognize the importance of IT in business development and see digital transformation and innovation as a top priority. The software development industry will continue to grow rapidly in the coming years, especially in the AI and ML fields, and the demand for technology talent will also rise.

(III) Technology and R&D overview

1. R&D expenses for the most recent year and for the current year up to the date of publication of the Annual Report

Unit: Thousands of NTD

Year	Amount	As a percentage of operating revenue
2021	217,379	3.70%
2022	230,033	3.87%
1Q2023	53,306	4.28%

2. Technologies and products developed in the most recent year and in the current year up to the date of publication of the Annual Report

(1) DBMaster DataBase

Develop DBMaster DataBase, combine multimedia and Internet ISV (Independent Software Developer) database requirements, provide Japanese software developer version, develop Indexing Locking function, integrate Japanese search engine and security control mechanism, and develop related electronic solutions.

(2) DBMaker CloudDB

Develop DBMaker CloudDB to meet the needs of cloud service SaaS (independent software developer) database, provide cloud developer version, develop cloud connection interface (Cloud ODBC) function, integrate cloud search engine and security control mechanism, and develop related cloud solutions.

(3) DBMaker BigData DB

Based on the core technology of the existing database system, we extend the core engine for huge amount of data, so that it has both SQL and No-SQL data storage and management capabilities.

(4) RFID Intelligent Traffic and Transportation Platform

Through RFID identification, integrate gates, card readers, ticketing displays, passenger information, human voice broadcasting, license plate recognition, RFID, induction coils, LED warning lights, joint ticketing and automatic ticketing machines, etc., and integrate related information into one map control system, with back-end systems for passenger and vehicle dispatch management, financial accounting and personnel, cost analysis, etc., all the way to computerized ticketing at each ticket station, PDA scanning line uploading, etc., providing a new generation of intelligent transportation platform

(5) CMMI Solution – SDPM

In the process of electronic enterprise process, personnel in each work unit can be recorded according to their different work nature and content, and the platform can be used to review the project schedule and submit project work progress for individual work management, project management, and supervision and performance evaluation by direct supervisors. In view of the approaching tablet world and the increasing diversity of user devices, it is impossible for organizations to expand their electronic data collection due to the limitation of old technologies. Use the .NET development framework, not only to enhance the user-friendliness of User Interface and the commonality with other tools, but also to provide first-hand online data feedback with the project management tool module as the basis for decision support.

Also develop a WCF architecture on Microsoft Azure, which supports local key-in to the connected server and then aggregates back to the headquarters in a fixed time and place, and integrates back to the headquarter in the form of data storage, so that the headquarters can command from a thousand miles away.

(6) Health Examination Management System

The trend of medical services has shifted from passive diagnosis and treatment of diseases to more aggressive treatment of diseases before they occur, and health examination has become one of the main sources of income for medical institutions. SYSCOM's Health Examination Management System is designed to meet these needs, with an intelligent processing mechanism that automatically connects all aspects of booking, scheduling, billing, report editing/data compilation/reporting, and a full range of custom development services to

comprehensively and quickly integrate patient health information, fully utilizing the advantages of health examination centers/medical institutions' high-standard medical resources to build the most complete health examination information service solution.

(7) (NMS/EMS) NDS (Network Dimension System) Advanced Module - SDN Network Management Module

The SDN network management module of NDS (now called Service Provision Management System, SPMS Openflow version) can integrate the new Openflow switches and controllers of telecommunication companies with the basic monitoring functions of NDS, providing telecommunication companies with the ability to assemble service provisioning templates based on the Openflow network equipment, service equipment (such as DPI, firewall) and network flow required by customers' telecommunication services (such as Internet, cloud and information security and other network services). When a customer applies for service, the SPMS automatically generates a service provisioning web page to present the service setup process and fill in the required information to complete the opening of the customer's service application, and can be delivered to general staff (e.g. counter staff) for execution and provide the ability to immediately modify the process at any time according to changes in the service content. This enables telecom operators to achieve the goals of rapid and automated service completion, reduced service management and training costs, and improved management efficiency.

(8) Next Generation Healthcare Information System

The Next Generation Healthcare Information System (e-Healthcare) is a next-generation medical information system designed and developed to integrate the needs of medical administration, examination/testing, nursing operations, business decision making, and medical imaging. The e-Healthcare adopts SOA service-oriented architecture design to construct a standard development operating platform for medical systems; the construction of paperless workflow and the construction of an automated audit mechanism will enhance the efficiency of the overall use of medical resources and optimize the effectiveness of hospital workflow. The e-Healthcare is highly scalable, flexible, and customizable, and its complete operational functions fully satisfy the practical needs of every aspect of modern hospital operations.

(9) Futures Risk Control Rapid Mid-End System

Adopt Linux server platform, high performance in-memory design, innovative parameterized and modular design, and provide complete risk control and flexible customization design, and integrates with NSK back-office billing system, covering the following functions:

- a. Trading functions: order/transaction/closing, order deletion/volume change/price change/long/short, multiple orders, SPAN/optimization (virtual group), ROD/FOK/IOC, hedge/funding/stock selection, part split/group, USD gold commodity, option hybrid commodity, parent/child account/instant inquiry account.
- b. Monitoring and management functions: PVC monitoring and commissioning, Log inquiry, automatic time calibration with the exchange.
- c. Abnormality handling function: automatic last inquiry, automatic return on transaction for broken lines, Fail-Over mechanism.

(10) Securities Risk Control Rapid Mid-End System

Adopt Linux server platform, high performance in-memory design, innovative parameterized and modular design, and provide fast order placement, complete risk control and flexible customization design, and integrates with NSK back-office billing system, covering the following functions:

- a. Risk control functions: General trading, zero shares, after-hours pricing, new orders for auction, volume change and deletion, common stocks, ETFs, warrants, securities borrowing and selling risk control, risk control can flexibly choose risk control / no risk control / forced risk control, inventory, quota can be controlled according to sub-account / external account / group hierarchy, Gateway inter-trading transfer back, into back, notification of intraday movement operations.
- b. Order placement interface: Login, order placement, two-stage report, supplemental report, disconnection notification.
- c. Query functions: Query the subaccount and external account's stock account's order limit, various settings and total transaction details of the day, query the subaccount and external account's stock account's stock account's order limit, various settings and total transaction details of the day, current day account and external account's order transaction details and

transaction details.

- d. Modify functions: Mandatory order deletion, investor movement processing, BASE data file adjustment, investor inventory RELOAD, mandatory order deletion inquiry, movement data inquiry.
- e. Monitoring functions: Show the normal variation by red and green lights, monitor the status of TradePass running programs in multiple centers at the same time, wind control module Thread running status Queue status, automatically detect the program and restart it, or manually start/stop, selectable warning sound files, and set the monitoring interval.
- f. Abnormality handling function: automatic last inquiry, automatic return on transaction for broken lines, fail over mechanism.

(11) NCBS

Plot the overall NCBS solution to meet the current financial environment and internationalization trend to meet customer needs and enhance the quality of service.

Nowadays, banks using NONSTOP Server have changed their business model from providing funds to providing services for profit. The information system must not only support the financial related business, but also meet the diversified needs of customers, directly target the customer base and understand the needs of customers to create a competitive niche. Therefore, the development direction of banks must be closely integrated with their core systems in order to provide customers with unlimited location, time and high value-added financial transaction activities and services; and in order to achieve this goal, banks actively understand various financial-related information technology and the growth trend of the domestic and international financial environment. In order to achieve this goal, banks are actively understanding various financial related information technologies and the growth trend of the financial environment in Taiwan and abroad.

In view of this, we have reviewed our strategic positioning, explored new service opportunities, and changed our current core system design framework from a traditional transaction-oriented system design framework to a customer product-oriented system design framework, in order to meet the needs of banks and utilize information technology for internal process and organizational transformation, so that banks can enhance their operational management capabilities. The functions encompass:

- a. Transaction modules: CIF, incident setting and maintenance, product pricing, product promotion, summons authentication format setting, quota control and handling fee setting, transaction message management, and operation authority management.
- b. Operation systems used: CIF system, deposit system, time system, integrated deposit system, bill collection system, lending system (transfer to overdues for collection, bad debt), integrated loan system, accounting system.
- c. Transaction account platforms - Q File/ On-Line & Batch Long Stady Process °
- d. Information center batch operations.
- e. Various management reports.
- f. Operations privilege management - operator privilege setting, password setting and change mechanism (lock, unlock, suspend, resume).
- g. Branch systems: Web Page Design UI, its functions: Registration/Multi-Channel, teller sign-in, screen protection, transaction menu, favorite, supervisor authorization (self, remote authorization), different transaction forms handling.
- h. Transaction history and history data retention.

(12) NETCenter

NETCenter is a network management software developed independently by SYSCOM COMPUTER. It helps network administrators to manage network devices such as Router, Switch, Server. Its main function modules include: Performance management module, event management module, provisioning management module, and configuration management module. The main development projects are as follows:

- a. L2 topology map with "virtual object" function
- b. L2 topology map with "group object" function
- c. Instant Messenger warning (MSN)
- d. Plug-in service monitoring tool
- e. Syslog function consolidation
- f. Automated traffic report delivery on a regular basis
- g. TCP Service port monitor

(13) GreenMaker

Energy saving and carbon reduction has been a common goal of governments in recent years, and is one of the government's policy objectives. Enterprises around the world have been actively using ICT to promote energy saving and carbon reduction solutions in recent years. SYSCOM COMPUTER has developed a power saving service platform with intelligent management mechanism to provide optimal power usage in buildings, factories, and shopping malls to help owners manage building power consumption.

(14) Payment Information System

The agencies under the county and city governments convert payment vouchers, transfer vouchers, balance transfer vouchers, expense recall documents, and check cancellation applications into electronic payment documents, and use the electronic operating system for review and send them to the finance bureau of the county and city governments through the telecommunication network for treasury payment or account processing operations. This operation includes the finance bureau, the appointed banks by municipal treasury and the payment agencies, and the payment of fees will be made in more convenient and secure manner through this system.

(15) Mobile Point of Sale

The birth of the smartphone has destined to change the financial industry. After six to seven years of alternation, banks of all sizes have confirmed the undeniable fact that banking services need to go mobile. The success of the initial move to APPS for banking inquiry services was like a shot in the arm for mobile banking, and helped acquirers take a big step toward mPOS and establish a mPOS business. The mPOS business is a revolution in the field of acquiring, which makes the consumer card spending process faster, easier and safer. Checkout no longer happens at the checkout counter; it's an instant checkout wherever consumers are. There are 3 main plans for the mPOS system we developed:

- a. Provide a Bluetooth-connected card reader for accessing credit card information
- b. Use mobile devices such as iOS and Android smartphones or tablets to enter the purchase amount and the cardholder's signature on the APP.
- c. The mPOS system built by SYSCOM COMPUTER receives the purchase information, obtains the authorization result, and displays the final card spending result on the APP.

(16) Azure CSP Intelligent Cloud Management System

Provide the contract partners of Azure CSP (Cloud Smart Portal) with contract management and billing analysis through this system. Also provide value-added services to customers.

(17) Security Information Service Platform/Diamond Guard

The Executive Yuan promotes risk management as the core of information security protection to help solve the information security problems faced by various sectors in Taiwan. The current problems faced by a number of sectors are that they only have monitoring and control, but lack a joint prevention mechanism to deal with information security problems, without an automatic response notification, and integrated operation process. Therefore, Managed Detection Response (MDR) and Security Operations analytics platform architecture (SOAPA) have become the current trend of information security technology development.

Under the guidance of national security policy, the top and foremost goal is to have products independently developed in Taiwan. As there is no other product in Taiwan that meets the requirements, the product of this project will be the first and only one in the country when it is completed.

The objectives and expected benefits of the launch of this product, SISP, are:

- a. Integrate the functions of traditional SOC (SIEM) and new generation SOC products
- b. Establish information security awareness (dashboard) and security threat warning lights
- c. Offer intelligent ISO management tools to help customers build information security PDCA standard operating process
- d. Satisfy the needs of the three major operating mechanisms of customers: ISAC, SOC, and CERT
- e. Assist large customers to build information-driven cross-organizational contingency and joint defense system

(18) Cloud-Based Cross-Border Project Management Service

In response to the changing international business landscape and the pressure of managing employees from different countries and cultures, project development and order taking, as well as focusing on cost and efficiency, we plan to utilize Microsoft Cloud OS to build a cross-country Commercial Hybrid Cloud, using Microsoft Azure to eliminate the cost of purchasing large amounts of software and hardware. In addition, because Microsoft Azure adopts the system automation maintenance mode, it can solve the problem of subsequent hardware and software maintenance, and at the same time, it adopts Web Sites, Cloud Services and Cache solutions for cloud services respectively.

The innovation lies in the design of Cloud Services with a multi-tier architecture, which not only provides better load balancing mechanism and status monitoring, but also allows performance and connection monitors to configure services at any time according to different needs, such as expanding Web Role to increase the individual maximum load of network connection, or expanding Worker Role to increase the individual performance of instantaneous computation (when complex computation of large amounts of data is required), to enhance what cannot be done in a single-tier structure.

(19) Electricity Load Dispatching For Union Demand Response

Global electricity liberalization has become a trend, and the demand response system has been widely implemented abroad, with supporting measures in place for each phase of implementation. The demand response program can help the power industry to reduce the demand of peak loads, and has been effective in all countries. Taiwan is still facing the crisis of power shortage, and the demand response Aggregator business service model is an innovative energy solution that will drive demand from related industries.

The customer group demand response scheduling platform technology to be developed in this project is a web-based service technology platform between power companies and customers. The platform can manage the special load, characteristics and time periods of electricity consumption of many different customers. In addition, it can also calculate the different contract capacities of each customer and the accounting basis of customer power consumption on a regular and real-time basis, and predict the load consumption through historical data to determine the reliable unloading feedback from the customer's demand side to precisely achieve power dispatch.

(20) Continuous Configuration Platform (Opus One)

Network technology is generating more and more rapidly IT equipment management information is becoming more and more complex, that is, the table needs to update the automation analysis and management tools to integrate the current different nature and a large amount of information for comparison and analysis, and must be integrated into the concept of service management to provide “network application services” status intuitive information, so that managers directly understand whether the current service is normal to make immediate judgments to reduce the service barrier time.

The Opus One IP Continuous Configuration Management Platform is planned to integrate network management information such as network devices, system hosts, information security systems, events and flows, with rule analysis and process engine functions to set up Opus One monitoring work according to the administrator's management logic to perform automatic analysis functions similar to human intelligence. In addition to quickly providing abnormal information, asset and maintenance processing data, it is also planned to add automatic control functions such as automatically activating redundant equipment, turning on the network and notifying vendors so that “network application services” can quickly return to normal functions.

(21) Energy Diagnosis Management System

EDMS is a custom-oriented automatic monitoring and control management system, which is built under three main subsystems: a. Equipment system, b. Transmission system, and c. Monitoring and control management system. Through the transmission and linkage of the above three systems, we can achieve the customization requirements. According to the different transmission protocols used by the equipment, such as: lora, modbus, using the corresponding transmission system, you can achieve the subsequent automatic data transmission and analysis, system status monitoring, data analysis reports and other functions.

(22) Patrol box electronic

Patrol box electronic uses the mobile carrier's camera to take a picture of QR code or scan NFC Tag automatically, and then displays QR code/NFC Tag details (including unit, patrol line, patrol box, address, latitude and longitude, and misalignment). After pressing OK to punch the card, the QR code/NFC Tag related information, the current GPS location of the carrier and the compressed photo will be uploaded to the back-end platform. The back-end management platform provides QR code/NFC for patrol box tagging, and the produced QR code/NFC is fully or partially encrypted, and the patrol points can be set by Google Map, and provides statistical analysis of related business data to produce reports, simplifying the existing paper patrol tags and achieving the goal of energy saving and paper reduction through comprehensive electronicization.

(23) Intelligent Analysis and Decision Support System

Given that most of the suspects have a tendency to repeat crimes, the crime scenarios between different cases and at different points in time are of mutual reference value. The database of people, vehicles, events, times, places, objects, and cases are added to the database of interpersonal relationships, criminal history, communication habits, and Internet behavior for cross-referencing.

- a. The one-way vehicle transportation method often used by car theft syndicates is analyzed to keep track of suspicious vehicles, and the track reconstruction system is used to track vehicle tracks, trace the suspects' habitat, and take the initiative to attack.
- b. It can be used to track down fraudulent withdrawal hotspots, and to track down possible accomplices in the vicinity of the call area with call records and other functions to get more information when police are working on a case.
- c. Security spot analysis, security hot spot change analysis and regional information analysis and other crime mapping provide a flexible environment, convenient query conditions, so that investigators can obtain dynamic and static information to facilitate investigators to carry out advanced analysis.

(24) AYUDA

SYSCOM's Ayuda robot is completely made in Taiwan (MIT), integrating robot parts, mobile platform (base), face recognition, human figure detection, voice recognition, voice conversation, video, self-learning map navigation, etc. It is the world's leading product of the same class in the market, and its functions are better than Pepper and Asus Zenbo. It can also be used in a variety of different situations such as smart police, smart medical, smart finance, and smart education.

The features of the cloud robot Ayuda Intelligent Platform are described as follows:

- a. Mobile intelligent robot, can recognize people and proactively ask questions.
- b. Intelligent robots can perform identity authentication.
- c. Intelligent robots can perform voice recognition and simple voice response.
- d. Intelligent robots can be connected to a dedicated service area by video.
- e. Intelligent robot can automatically learn map and find locations.

Ayuda is mainly sold to the commercial market, including police, medical, finance, shopping malls, and education, and has been successfully sold to CIJ in Japan. We will further expand our close cooperation with our Japanese partners to enter the Japanese service-oriented robot market with SYSCOM's "Cloud Robot - Ayuda Intelligent Platform". The cloud robot Ayuda service robot is developed by SYSCOM COMPUTER, and will be extended to different applications such as enhancing face recognition or object recognition, conducting security patrol, enhancing artificial intelligent voice conversation, providing information inquiry, policy promotion, and other diversified services for the public.

(25) VIAMaster

The core value of "VIAMaster" technology is to develop artificial intelligence application for image recognition and rapid training, rapid deployment and real-time application solutions. Rapid cross-matching and analysis applications using image analysis technology to enhance public domain security. In the future, we can further integrate and cooperate with private security service providers, surveillance companies, and financial institutions to implement this solution for public safety and other smart security applications and when combined with the real-time analysis and identification of the images returned by the wearable camera, this solution can help reduce manpower and smarten security work. We will continue to add new applications such as industrial safety management, medical applications, etc.

(26) SERVICE Online

The new version of the “SERVICE Online” is developed to meet the needs of information security issues and the mobile version of user forms. This development also includes the development of a flow module (SYSCOM Flow Engine) to replace the currently used outsourced flow engine (Agent Flow). Including:

- a. SERVICE Online: In addition to providing the existing functions and optimizing the operation interface, it also addresses the information security issues. Use .Net MVC framework for modularized development, which can also reduce future maintenance costs, improve system maintainability, and provide sustainable services.
- b. SASP mobile platform: Based on the current SASP platform, the SASP mobile platform is developed to facilitate engineers to create customer problem lists via mobile devices, assign problems and report progress, and improve the quality and speed of customer problem handling.
- c. SYSCOM Flow Engine: In addition to satisfying the use of the new version of SERVICE Online, the SYSCOM Flow Engine will replace the flow engines used by other subsystems in the future to enhance the R&D capability of self-produced products.

(27) OMFLOW

OMFLOW is a software product developed by SYSCOM COMPUTER in response to the needs of digital integration applications. It is suitable for IT maintenance management, business form flow, system integration and interfacing, and various other individual or hybrid applications.

The social media version of OMFLOW provides users with unlimited access and open access to source code. The social media version does not have any restrictions on personal use. The following features are included:

- a. Personal dashboard
- b. Centralized task management
- c. Process design engine
- d. Python core engine
- e. Social media process download

The enterprise version of OMFLOW has not only the social media process download, but also the official process developed by SYSCOM for users to download. In addition, the following enterprise features are available:

- a. Decentralized computing
- b. Data collection
- c. Information Continuous Configuration Management

(28) Technical Service Management(TSM)

The software development projects undertaken by SYSCOM are managed through the self-developed software project management platform-SDPM, which has been very effective in improving the quality of project management and has been recognized by the National Quality Award.

The development of this project will replicate the successful experience of the software project management platform to the technical service project management, project management of customer's equipment installation, maintenance and warranty, through project process management, contract execution management, progress tracking of various work forms, and related reminders/alerts sent to improve the quality of service to customers.

Function modules:

- a. Cost estimation and project authorization
- b. Project planning and contract management
- c. Project monitoring
- d. Project cost analysis and forecast
- e. Department capacity analysis and forecast
- f. Project revenue analysis and forecast by department
- g. Capacity profitability analysis by department
- h. Compliance with current information security regulations

Innovative features:

The latest international standard for information services, ISO20000:2018, and capacity utilization are incorporated into this system to create an innovative hardware/system information service management system that reduces costs, improves performance, and enables more efficient use of resources.

(29) Hyper Automation Log Archiving Management System

The completeness of the logs kept in past information security incidents is important for the clarification of the truth and the remediation of the vulnerability after the incident, therefore, different requirements will be derived for the archiving, retention period management, and anti-corruption of the logs. The "Hyper Automation Log Archiving Management System" incorporates the entire archiving operation, including: archiving application, account management, log upload schedule setting, upload result notification, emergency upload, storage space management, etc. It is a centralized, cross-platform, highly automated, highly efficient, highly secure and highly It is a centralized, cross-platform, highly automated, high transfer efficiency, high security and high portability log archiving system.

(30) SECURITY USER INTERFACE PROGRAM

Based on the specifications of interbank transaction encryption and decryption, the standard security control API is developed to provide the application systems of all parties to use the encryption and decryption functions of HSM through a single interface. The HSM (Hardware Security Module) can also be customized to be compatible with existing application systems and different brands of HSM (Hardware Security Module), and provide source control mechanism (ACL) to meet the requirements of financial examination and internal audit of banks in Taiwan.

(31) Visa Direct, Mastercard Cross-border, Cross-border Payment Transaction management system

According to the Visa Direct and Mastercard Corss Border launched by the members of the international card organizations, the system is developed to facilitate the financial institutions' customers to use cell phones, Internet banking and other mobile devices to remit small amounts of money quickly to the designated accounts through the global network of card organizations with low handling fees.

(IV) Long-term and short-term business development plans

SYSCOM COMPUTER was established nearly 50 years ago, has always been engaged in the fields of professional computer services and targets trending applications such as digital transformation of enterprise and government systems, information security requirements, cloudification and huge data analysis. We will continue to focus on smart service robots, smart retail, smart medical, smart security and digital transformation to help customers create new service experiences with new business models and continue to seize opportunities to create new business opportunities.

The long-term and short-term business development plans are briefly described as follows:

1. Short-term business development plan
 - (1) Integrate various system management tools to continuously improve efficiency and quality.
 - (2) Expand sales of core products and services to increase overall profitability.
 - (3) Integrate 5G, AIoT, information security, big data and cloud technologies to develop a data economy.
 - (4) Develop transportation, security and business applications with intelligent operating platforms.
 - (5) Form alliances with outstanding domestic vendors to enter the emerging application market.
2. Long-term business development plan
 - (1) Implement the commitment of continuous improvement of total quality and strive for sustainable development of ESG.
 - (2) Demonstrate strong system capabilities in software and hardware integration to help enterprises transform digitally.
 - (3) Bridge advanced technology and application to life, and joining hands with Taiwan team to enter the World Cup.

II. Market, production and sales overview:

(I) Market analysis

1. Major sales regions of products (services)

Unit: Thousands of NTD

Year Sales volume and value Main products	2021				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
System Integration Service & Computer/Peripheral Sales	(Note)	4,395,276	(Note)	179,389	(Note)	4,432,803	(Note)	150,645
Computer & Peripheral Maintenance	"	1,292,764	"	-	"	1,349,167	"	-
Computer & Peripheral Lease	"	2,166	"	-	"	17,909	"	-
Total	"	5,690,206	"	179,389	"	5,799,879	"	150,645

Note : (1) The Company is in the information service industry and not in the manufacturing industry, so it is not applicable.

(2) The domestic sales region is primarily Taiwan, while the export sales are the revenues from overseas based on the Consolidated Company's operating locations, mainly in China, the United States and Southeast Asia.

2. Market share of main products:

According to the Statistics Division of the Ministry of Economic Affairs, the expansion of emerging applications such as 5G, high-performance computing, Internet of Things and cloud data processing, coupled with the opportunities for information security protection and digital transformation, has boosted the demand for information system services from enterprises to a full range of systems integration. The market size of computer and information service industry is expanding year by year. The 2022 operating revenue of my country's information service industry hit a record high, with an annual increase of 14.1%. SYSCOM COMPUTER is a software and services-based information company that provides software development and professional services, supplemented by software and hardware product distribution, to provide total solutions to meet the information needs of corporate customers, with industry know-how in finance and securities, telecommunications, medical institutions, government, police, education, and high-tech manufacturing industries... etc. It is one of the top 500 companies in Taiwan in 2022, and is ranked among the top three in the computer system integration service industry in the information service industry in Taiwan.

3. Future demand and supply in the market and growth potential:

- (1) In order to effectuate information security governance and risk decisions for organizations and enterprises, self-assessment of information security maturity has become an important indicator. In August 2021, the Executive Yuan promulgated the amended provisions of the "Cyber Security Management Act", which explicitly require the deployment of "endpoint detection and response mechanism" and "cyber security vulnerability notification mechanism" by Level-A and Level-B government agencies. The FSC also released the "Financial Information Security Action Plan 2.0" on December 27, 2022. The FSC will implement this plan in phases over a three-year period to enhance information security, encourage financial institutions to adopt a zero-trust framework, expand the scope of information security monitoring mechanisms, pay attention to the preservation of core financial data, and promote support training for major information security incidents.
- (2) The Ministry of Digital Affairs was established on August 27, 2022 to promote the development of the software industry and assist in the digital transformation of the industry; to develop forward-looking digital technology professions and talents in cross-disciplinary applications to foster international cooperation and exchange; to encourage the

development of innovative digital applications with R&D subsidies and actively facilitate business transformation to explore business opportunities; and to guide enterprises to use data-driven and digital technology to strengthen their corporate constitution and enhance their international competitiveness in order to achieve the goal of promoting digital capability, industrial innovation and transformation, and digital economy development.

- (3) The Executive Yuan's Forward-Looking Program is moving into its fourth stage (2023–2024), the government will continue to invest in green energy, generation A semiconductor technology, IoT, AI, 5G, and information security as in the 5 Plus 2 Industrial Innovation Program and the Six Core Strategic Industries program. These involves public-private partnership, software and hardware consolidation to expand the momentum of digital transformation, early and forward-looking application deployment, formulation of regulations and system, open innovation network to foster cross-domain cooperation network, sandbox experiment to drive innovation, etc. In particular, we expect the future digital government shall promote the spirit of sandbox experimentation to encourage innovative development.
- (4) Taiwan's cloud market has entered into a multi-cloud competitive stage, as the financial and medical industries have made great progress driven by the benchmark enterprises and the relaxation of regulations, accelerating the development of multi-cloud hybrid architecture. Both GCP and Microsoft Azure, two multinational public cloud providers, will complete virtual audits of their cloud services by 2021 in accordance with FSC regulations, with large financial leaders playing a key role in leading the way and driving more Taiwanese financial players to the cloud. In July 2022, the amendments to the electronic medical records related regulations were completed, and the use of cloud services for electronic medical records will be opened up, which is expected to accelerate the modernization of hospital IT transformation, reduce the burden of IT maintenance manpower, and give rise to more smart medical applications.
- (5) According to a McKinsey report, smart health care will affect six major areas, including chronic disease management, self-management and disease prevention, disease diagnosis, diagnostic triage, clinical decision support and care services. According to the “2020 Healthcare Industry Outlook” by Deloitte and Touche, technology is driving innovation in the healthcare industry, especially disruptive trends such as big data and artificial intelligence, Internet of Things devices, medical data interoperability and decentralization of the healthcare field.
- (6) With the rapid development of 5G communication and AIoT technology, it will bring innovative services at different levels for transportation applications. The use of innovative technology to enhance traffic and transportation safety and efficiency, create a friendly road environment, and achieve sustainable development of intelligent transportation are the important goals of governments in promoting intelligent transportation; and with the development of AI and Internet of Things, intelligent technology has created a variety of transportation applications, including data collection, data analysis, monitoring and control, monitoring and tracking, and audio-visual entertainment. Such a huge transportation infrastructure is a market opportunity that cannot be ignored by the industry.

4.Competitive advantages:

Since its establishment, SYSCOM COMPUTER has been dedicated to system integration. Through the introduction of various cutting-edge products and technologies, as well as excellent software development and integration capabilities, SYSCOM COMPUTER has helped customers in finance and securities, telecommunications, medical institutions, government and police, transportation, and high-tech manufacturing industries to undergo digital transformation. SYSCOM COMPUTER's insistence on customer service and professional execution quality is evident to all. SYSCOM COMPUTER is the only company in Taiwan that has twice passed the highest level of international software quality assessment, CMMI ML5, and has been selected as a CIO TAIWAN 2022 "Outstanding Service Provider". The Company has strong R&D capabilities, as well as hardware and software integration and project execution management capabilities, and is well recognized by customers. Our self-developed products are used overseas for specific applications. Over the years, we have launched many well-received products, and in 2023, four products won the Taiwan Excellence Award: "Ayuda Intelligent Service Robot", "NETCenter Network Monitoring and Management Center", "DBMaker Database", "DBMaker Database System" and "OMFLOW Enterprise Process Engine". OMFLOW Enterprise Process Engine".

The management philosophy of SYSCOM COMPUTER is "Excellent people, satisfied

customers, continuous growth and sustainable management", and "system integration" is the corporate value that the Company is proud of. With nearly 50 years of professional experience and services, SYSCOM has been able to grow the functional characteristics of enterprise information application systems together with customers' business needs through forward-looking requirement planning, infinitely scalable software/hardware architecture, and professional and dedicated technical personnel. °

5.Favorable and unfavorable factors for development prospects and countermeasures:

(1) Favorable factors for development prospect

- A. SYSCOM COMPUTER is the leading large-scale system integrator in Taiwan, and has been working on large-scale government application projects for a long time, with rich experience in planning and building large-scale forward-looking government information applications. With the customer's consent, we can copy the successful experiences to overseas markets to help the government expand Taiwan's international relations through E-business diplomacy.
- B. SYSCOM COMPUTER is a distributor of software and hardware products from many domestic and foreign information companies, with rich technical certifications and support services that are well recognized by the partners we represent. SYSCOM COMPUTER provides a full range of IT products and value-added services, from IT infrastructure to application software information system planning, implementation and operation management, and is the best partner for enterprises' "digital transformation".
- C. SYSCOM COMPUTER values talented people. We have more than 300 engineers with analysis and development capabilities in financial, medical, government, aerospace, telecommunications, and networking industries and a strong R&D capability, while our trademark and patent rights lead the domestic industry.
- D. SYSCOM COMPUTER is a stable and financially sound company that provides services in the areas of finance and securities, telecommunications, medical institutions, government and police, transportation, high-tech manufacturing, and smart retail.... SYSCOM COMPUTER's customers are worldwide and most of them are leading companies in various industries, many of them have been working together for more than 20 to 30 years.
- E. SYSCOM COMPUTER is committed to quality and has passed CMMI ML5, ISO9001, ISO9002, and ISO/IEC 20000-1:2018 in terms of quality program certification. We will continue to enrich our software and professional information service energy, accelerate the process of connecting with the international market with international-level software engineering quality assurance, and promote software market development and marketing cooperation.
- F. SYSCOM COMPUTER passed "ISO27701 Privacy Information Management Certification", becoming the first SI vendor in Taiwan to have four international standard certifications for privacy, information security, information services and personal data at the same time. Passed the dual certification of information services and information security: "ISO/IEC 27001:2013 (2020-2023)" and "CNS 27001:2014 (2021-2023)". We passed the "BS 10012:2017 certification (2022-2025) for personal data security management, privacy information management "ISO/IEC 27701:2019 Certification (2022-2025)". Through the concrete action of obtaining the international standard certification, SYSCOM is able to express its determination to fully emphasize and protect the security of customers in the areas of "privacy information", "information security", "information service management" and "personal information management".

(2) Unfavorable factors for development prospects and countermeasures:

- A. As technology continues to evolve, it is not easy to develop technological talents and retain technical experts;In addition, the information industry emphasizes hard skills over soft skills, and the magnetic effect of the semiconductor industry has caused an imbalance in the manpower market. In the fast-changing IT talent market, job openings for software engineers, data analysts, and information security experts are growing rapidly, highlighting the serious imbalance between supply and demand.
- B. In addition, the current government procurement law does not have any special planning for innovative procurement, which makes it easy for vendors to compromise profitability due to price competition.
- C. Taiwan's domestic market has limited industry scale, insufficient experience and expertise in developing a service economy, and a lack of cases of innovative applications and operating models and learning experiences.

- D. Disruptions in air, land and sea logistics due to the pandemic and the ongoing U.S.-China technology war will further accelerate global supply chain restructuring.

Countermeasures :

- Strengthen the application and promotion of core products and services, deepen software research and development and application, and deepen self-research and development of products and expand related application services to increase the added value of projects.
- Unite with the Taiwan team to participate in the World Cup. Replicate large-scale application system planning and construction experience to form a team and cooperate with Taiwanese companies in various fields to expand overseas markets.
- Make good use of government resources and actively advise the government through the public association platform to facilitate the normal development of the industry.
- The Company aims to develop talents with advanced information technology and develop a full range of professionals, increase opportunities for industry-academia cooperation between enterprises and academia, cultivate outstanding talents, provide professional internship opportunities, and transform research resources into industrial applications.
- Invest in the development and application of our own R&D products, and to enhance the competitive advantage and added value of large-scale system projects through the mastery of core technologies, not only to provide better services to our customers, but also to increase customer loyalty.
- Expand industrial information services and strengthen the research and development of core software technologies, increase and strengthen the content of IT products and services, increase the proportion of sales of our own products and services, expand and maintain contract customers, and increase contract rates.
- Strengthen cooperation and communication with the partners we represent and agencies, and actively command the details of equipment supply and delivery.

(II) Important applications and production processes of main products:

1. Important applications of main products:

SYSKOM COMPUTER has been playing the role of the locomotive of E-business in Taiwan for nearly 50 years. We provide professional and dedicated technical personnel and system integration, computer hardware, software and communication technology integration, as well as computer system planning, design, implementation and maintenance services with forward-looking demand planning and full utilization of accumulated corporate knowledge resources. We provide consulting and overall information outsourcing services in the areas of finance and securities, telecommunications, medical institutions, government and police, transportation, electronic retail and high-tech manufacturing... etc.

During the production process, the company strictly follows CMMI-Dve v1.2 Maturity Level 5 software manufacturing process and applies its self-developed project management platform (SDPM, Software Development Process Master) to set standard operating procedures for the software design and development process, and through quantitative management of details, we can clearly understand In recent years, we have expanded to technical service project management, using the Technical Service Management (TSM) system to manage the installation, maintenance, and warranty of our customers' equipment to provide the most satisfactory quality and service.

2. Production process: The Company is not a manufacturing company, so it is not applicable.

(III) Supply of main raw materials: The Company is not a manufacturing company, so it is not applicable.

(IV) The names of suppliers and customers who accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years

1. The names of customers who accounted for more than 10% of the total sales in any of the most recent 2 years, their sales amounts and percentages:

Unit: Thousands of NTD

Item	2021				2022				2023 up to the first quarter			
	Name	Amount	As a percentage of net sales for the whole year %	Relationship with the issuer	Name	Amount	As a percentage of net sales for the whole year %	Relationship with the issuer	Name	Amount	As a percentage of net sales for the current year up to the previous quarter %	Relationship with the issuer
1	Customer A	568,324	9.68%	None	Customer A	536,647	9.02%	None	Customer A	95,346	7.65%	None
2												
Total		568,324	9.68%		Total	536,647	9.02%		Total	95,346	7.65%	
Net sales		5,869,595	100.00%		Net sales	5,950,524	100.00%		Net sales	1,246,961	100.00%	

Reasons for the change in sales to major customers:

There was no significant change in the overall sales to the Company's major customers in the most recent two years.

2. The names of suppliers who accounted for more than 10% of the total purchases in any of the most recent 2 years, their purchase amounts and percentages:

Unit: Thousands of NTD

Item	2021				2022				2023 up to the first quarter			
	Name	Amount	As a percentage of net purchases for the whole year %	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the whole year %	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the current year up to the previous quarter%	Relationship with the issuer
1	Cisco	245,539	10.13%	None	Zero One Technology	313,135	11.98%	None	Metaage	105,259	16.15%	None
2					Metaage	284,485	10.88%	None	Unicomp	88,084	13.51%	None
Total		245,539	10.13%		Total	597,620	22.86%		Total	193,343	29.66%	
Net purchases		2,423,763	100.00%		Net purchases	2,613,654	100.00%		Net purchases	651,830	100.00%	

Reasons for the change in purchases from major suppliers:

There was no significant change in the overall purchases from the Company's major suppliers in the most recent two years.

(V) Production volume and value for the most recent 2 years: The Company is in the information service industry and not in the manufacturing industry, so it is not applicable.

(VI) Sales volume and value for the most recent 2 years

Unit: Thousands of NTD

Main products	Year Sales volume and value	2021				2022			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
System Integration Service & Computer/Peripheral Sales		(Note)	4,395,276	(Note)	179,389	(Note)	4,432,803	(Note)	150,645
Computer & Peripheral Maintenance		"	1,292,764	"	-	"	1,349,167	"	-
Computer & Peripheral Lease		"	2,166	"	-	"	17,909	"	-
Total		"	5,690,206	"	179,389	"	5,799,879	"	150,645

Note: (1) The Company is in the information service industry and not in the manufacturing industry, so it is not applicable.

(2) The domestic sales region is primarily Taiwan, while the export sales are the revenues from overseas based on the Consolidated Company's operating locations, mainly in China, the United States and Southeast Asia.

III. Information on employees

Year		As of the end of 2021	As of the end of 2022	2023 up to April 15, 2023
Number of employees		1,158	1,187	1,206
Average age		40.3	40.72	41.04
Average years of service		8.94	9.13	9.29
As a percentage of education distribution	Doctorate	0	0	0
	Master	239	242	253
	College (including above)	901	928	937
	Senior high school (including below)	18	17	16

IV. Information on environmental protection expenditures

The Company is mainly engaged in system integration services, and the sales process of products does not generate pollution, so the disclosure of environmental pollution problems or environmental protection expenditures is not applicable.

V. Labor relations

(I) The Company's employee welfare measures, training, education and retirement systems and their implementation, as well as the agreements between employees and management and measures to protect the rights and interests of employees:

1. Employee conduct and code of ethics

(1) In order to establish a good system and refine the organization and management, the Company has not only established the work rules for employees in accordance with the Labor Standards Act, but also established the "Code of Conduct for Anti-Corruption and Business Ethics and Activities" and measures for employee reward and punishment, so that all employees can have the ethical concepts and conduct standards to comply with, which are mainly as follows:

- Compliance with the Company's regulations.
 - Those who are responsible for the Company's tangible and intangible assets should play the role of a good steward.
 - Do not leave the office, obstruct or interfere with the work of others during work hours.
 - No sexual harassment or assault of other employees.
 - Do not create rumors, spread rumors, or slander.
 - The Company has established a system for the delegation of duties and responsibilities, and authorizes the responsible leaders to exercise their decision-making authority, and they shall not act beyond their powers without authorization.
 - The work instructions or orders with deadlines from superiors must be completed on time, with the prescribed quality and quantity.
 - Do not intentionally conceal from or misrepresent anything to superiors.
 - Uphold the highest ethical standards for suppliers, contractors, customers, and others involved in the Company's business, and refrain from offering or accepting improper benefits.
 - Must not seek to gain an improper advantage or use the Company's name to deceive others externally.
 - Must not infringe on intellectual property rights, engage in unfair competition. Prevent using products or services to harm stakeholders, protect trade secrets, prohibit the disclosure of trade secrets, or prohibit insider trading.
 - The Accident Adjudication Committee is established to adjudicate liability for damages to the Company's rights caused by the negligence of an individual.
 - The Sexual Harassment Prevention Committee is responsible for receiving complaints and investigating cases of sexual harassment by employees.
- (2) All rules and regulations of the Company are announced on the bulletin board. In case of reward or disciplinary actions, the Personnel Review Committee will be called on immediately to handle the reward and punishment.
2. Employee welfare measures and implementation
- (1) The Company has established the Employee Welfare Committee, which is responsible for the welfare of all employees, and the welfare measures are supervised and executed by the Welfare Committee every year.
- (2) The Company's welfare measures mainly include labor, health, group insurance, employee travel, birthday gifts, beer parties, year-end parties, welfare products, wedding and funeral subsidies, child birth subsidies, club activity subsidies, and health checkups. These measures are effective in boosting employees' morale.
- (3) Various club activities are organized to provide employees with a balance between work and leisure.
- (4) The Company provides group insurance for employees, their spouses and children. The coverage includes term life insurance, accidental injury insurance, hospitalization medical insurance, and cancer insurance.
3. Workplace diversity policy
- (1) The Company is committed to providing an equal, inclusive, diverse and friendly workplace and safe working environment for its employees. Employees are hired, promoted and paid primarily based on their job category, academic experience, professional knowledge and skills, professional years of experience and individual performance to ensure that employees are not discriminated against, harassed or treated unequally based on race, gender, religious beliefs, age, political affiliation or other legally protected status.
- (2) The company enforces diversity and equality in the workplace and provides equal promotion opportunities for male and female employees. In 2022, the percentage of female employees was 31% and the percentage of female managerial officers was 22%.
4. Employee training and development
- (1) In order to improve the quality of human resources and develop corporate strengths, the Company has established measures for education and training to maintain the foundation of our sustainable management and development. Each employee has an individual training record, which completely records the training process each employee has received.
- (2) The Company provides complete professional development program for employees and encourages them to actively participate in various professional certifications. Therefore, both internal training and external training have a positive effect on their professional skills and

management skills.

A.Internal education and training include:

- . New employee training: Provide new employees with training on corporate culture and related basic courses to help new employees shorten the adjustment period and cross the stage of exploration early.
- . Functional training: The training mainly focuses on strengthening the professional and self-management skills of employees, covering new computer knowledge and applications, management practices and skills, etc., to meet the needs of different stages of growth.
- . Leadership training: SYSCOM COMPUTER has a complete promotion system, and each reserve supervisor must pass a rigorous pre-service training program to qualify for promotion. In addition, on-the-job training is planned for existing supervisors to enrich their leadership skills in management and revitalize the operation of the organization.

B.External training:

External training courses are intended to enable employees to absorb new knowledge in the market and to keep abreast of global trends in order to enhance their professional skills in the workplace and to ensure service to customers.

C.On-the-job training:

In order to improve the quality of employees, cultivate outstanding talents, and encourage employees to improve their professionalism, the company also provides employees with applications for on-the-job training.

- (3)In 2022, the Company had 7,036 attendance in internal training and external training, and the cost of education and training was approximately NT\$6.01 million.

5. Retirement system and implementation

- (1)The Company's retirement system is governed by the Labor Standards Act and the Labor Pension Act.
- (2)For employees subject to the old pension scheme under the Labor Standards Act, the Company makes monthly appropriations to the retirement reserve fund in accordance with the Labor Standards Act, which shall be overseen by the Supervisory Committee of Labor Retirement Reserve and deposited in the name of the Committee in the Bank of Taiwan, and the Committee is responsible for the receipt, payment, custody and utilization of the fund. For employees are subject to the new pension scheme under the Labor Pension Act, the Company is legally required to pay a monthly contribution of not less than 6% in accordance with the Labor Pension Act and to deposit to the employee's personal pension account established by the Bureau of Labor Insurance in accordance with the wage range table approved by the Executive Yuan.

6. Work environment and employee safety protection measures

- (1)The Company has established "Environmental Management Regulations", "Code of Practice for Occupational Safety and Health" and "Safety Inspection Regulations" to enforce safety and health protection measures.
- (2)In order to protect and maintain the safety of the office area, the Company has set up an access control system. All employees are required to wear identification cards when entering and leaving the building, and a surveillance system is in place to monitor and record 24 hours a day. Visitors are not allowed to enter the office area and must be received in the reception area. The main entrances and exits are guarded by security guards 24 hours a day to protect the personal safety of our employees.
- (3)Employees will be briefed on the safety regulations by person in charge of each unit at the time of reporting for work.
- (4)In order to effectuate the prevention and control of tobacco hazards, maintain the hygiene of the office environment and purify the air quality, and reject the health hazards caused by second-hand smoke. The Company's offices (areas), meeting rooms, stairwells, restrooms, dormitories and other indoor areas are all smoke-free except for the open balcony space and the legal smoking area.
- (5)The office area is nice and in good condition, and an environmental officer is assigned to each office area and each floor to supervise the environmental cleanliness of the area.
- (6)A complete fire safety system, including alarms, fire extinguishers, emergency lights, escape lights, escape doors, etc., is in place, and all equipment is inspected and replaced at least once

a year.

- (7) We cooperate with the fire department twice a year to conduct fire drills and escape route drills in the building.
- (8) We conduct office carbon dioxide concentration monitoring and drinking water testing of water dispensers every six months.
- (9) In response to the recent COVID-19 pandemic, in addition to strengthening the promotion of public health and cleaning and disinfection, employees and visitors are required to wear masks, take body temperature and disinfect their hands every day when they come to the company, and alcohol is placed at the entrance of each floor, antibacterial hand sanitizer is placed in the pantry, and alcohol/antibacterial hand sanitizer is placed in each meeting room for employees or visitors to use.
- (10) A medical doctor is appointed to visit the company every two months to provide clinical services and professional nurses are employed to provide health services for workers.
- (11) By organizing various club activities, employees can not only enhance their physical fitness and relieve physical fatigue, but also achieve a balance between work and leisure.
- (12) Through regular annual employee health checkups and a variety of health seminars and health education information, employees can better grasp their health status and have the knowledge and methods of self-health management.
- (13) We provide employees with term life insurance and accident insurance to increase their job protection.
- (14) We provide a family-friendly workplace environment for employees by setting up a breastfeeding room.

- (II) For the most recent year and for the current year up to the date of publication of the Annual Report, the amount of loss due to labor disputes and the estimated amount of current and potential future losses and countermeasures should be disclosed and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

1. For the most recent year and for the current year up to the date of publication of the Annual Report, the amount of loss due to labor disputes: None
2. The estimated amount of current and potential future losses and countermeasures:

The Company follows the Labor Standards Act and related laws and regulations to protect labor rights and interests based on the trust of win-win cooperation between management and employees. The Company's management and employees have been co-working satisfactorily under the respect of labor-management ethics, and no significant labor disputes or losses have occurred so far, and no such losses are expected to occur in the future.

3. Labor-management agreements already reached: None
4. Labor-management agreements to be reached: None
5. Measures for the protection of employee rights and interests:

The Company has held regular labor-management meetings in accordance with the regulations to maintain good labor relations and promote labor-management cooperation.

VI. Cyber security management

- (I) Information security risk management framework

1. In order to strengthen and improve the information security of the Company and to implement the sustainable management of the Company, the Company has established the Information Security Committee is responsible for the decision making, management and promotion of information security matters. The Committee has a convener, co-convener, and vice convener, and the top management of each business group, center, and head office are appointed as members, and three sub-groups, including "information security policy," "information security promotion," and "risk management," are established to be responsible for information security policy formulation and promotion, information security management and promotion, and information security risk control and evaluation.
2. The Information Security Committee reports to the Board of Directors at least once a year on the status of information security implementation, and the status of implementation for 2022 was reported to the Board of Directors on December 15, 2022.

(II) Information security policy

1. The Company's information security management aims to provide a reliable and secure operating environment to ensure the normal operation of its continuous configuration business, and its information security policy is to "establish an information security culture, implement an information security system, strengthen information security protection, and reduce operational risks". In order to establish an information security environment with confidentiality, integrity, and availability. We make information security a natural aspect of employees' daily activities as a way to support the establishment of trust between all internal and external participants.
2. In order to implement the protection and management of personal data and to comply with the requirements of the Personal Data Protection Act, we have established the following:
 - (1) In accordance with the requirements of the "Personal Data Protection Act" and the "Enforcement Rules of the Personal Information Protection Act", personal data is protected in the process of collection, processing, utilization, storage, transmission, and destruction.
 - (2) To protect the Company's business-related personal data from the risk of theft, alteration, destruction, loss, or leakage due to external threats or improper management and use by internal personnel.
 - (3) To enhance the protection and management of personal data, reduce operational risks, and create a reliable environment for the protection and privacy of personal data.

(III) Information security management system

We have introduced the information security management system (ISO 27001:2013), the personal data management system (BS 10012:2017), the information management system ISO 20000:2018, and the privacy information management system (ISO 27701) for information security management.

1. Information security management system: in accordance with ISO 27001:2013
We introduced and obtained the certificate in 2016, and expanded the scope of certification in 2019 to include: Technology Center, R&D Center, Computer Center (CMPC), SDPM, and Information Security Control Center (SOC). In December 2019, we passed the third-party verification and obtained the certificate in February 2023 (valid from 2023/1/9-2025/12/31). The validity audit is conducted annually by a third party.
2. Personal data management system: in accordance with standard BS 10012:2017
In 2012, we introduced a company-wide personal data management system (BS 10012) for the management and protection of personal data and passed the third-party certification, and in 2018, we obtained the third-party certification for the latest version of BS 10012:2017 (valid from 2022/1/20 to 2025/1/20). The validity audit is conducted annually by a third party.
3. Information management system: in accordance with standard ISO 20000:2018
Our information management system has been implemented and validated to ISO 20000, and we have developed a good information service management process for demand management, change management, online management, incident management, problem management, capacity management, and availability management, etc. We implemented ISO 20000:2018 in 2019, passed third-party validation in December 2022, and obtained the certificate in February 2023 (valid from 2023/1/17-2026/1/17). The validity audit is conducted annually by a third party.
4. Privacy information management system: in accordance with standard ISO 27701
In 2021, we introduced a privacy information management system (ISO 27701) for the management and protection of personal data and privacy, and obtained third-party certification in February 2023 (valid from 2023/1/9 to 2025/12/31). The validity audit is conducted annually by a third party.

(IV) Specific management plan

Continue to strengthen information security protection and establish joint defense mechanism, and various specific technical strengthening and management measures include:

1. Introduce new generation information security monitoring and joint prevention mechanism
Conduct system function verification of its self-developed product "Security Information Service Platform/Diamond Guard" with the Company as the test field, including the introduction of terminal and network visibility tools and the establishment of an automated cooperation mechanism, and technical cooperation with the Cybersecurity Technology, Institute for Information Industry and information sharing platform vendors to conduct early warning information detection and joint prevention. in order to enhance the Company's overall information security.
2. Strengthen the efficiency and safety of employees' Internet operations
In addition to improving the overall bandwidth and performance of the Company's external and internal backbone networks, the company is also improving the efficiency and security of its

personnel through the construction of a dedicated "intranet and extranet" and the enhancement of information security protection equipment, in conjunction with the implementation of the Company's Great Intranet Project.

3. Enhance the security of the company's internal and external service websites
In line with the Company's Great Intranet Project, we reviewed the current status of information security protection for internal and external web services, purchased additional web program firewalls, and reviewed the migration of the old system three months after the information security protection equipment was in place to ensure that all corporate services are properly protected.

(V) Annual information security risk status

1. Continue to maintain and refine ISO20000, ISO27001, ISO27701 and BS10012 information security management system. In 2022, there were 9 audits and 33 units were audited by the third-party. The validity audit was completed by the end of 2022.
2. Promote the implementation of the Great Intranet Project, and sequentially start the construction of the Company's external and backbone network upgrade, intranet and extranet implementation, and various information security protection enhancements.
3. Gradually introduce computer security configuration settings to GCB, and some departments have completed the initial introduction tests.
4. Strengthen the information security control of laptops for major projects, and cooperate with ITRI to introduce the network and program whitelist control mechanism to enhance the security of major projects.
5. Mandate the installation of terminal anti-virus systems, information security identification tools, and computer security configuration settings, along with network access control and information security protection monitoring, to strengthen the basic information security requirements of the company's intranet and extranet-connected devices. .
6. In September 2022, information security education and training courses were held for 1,169 employees, totaling 4,091 person-hours, to strengthen employees' information security attitudes, values, regulations, and practices, to make information security a natural part of employees' daily activities, and to build trust between internal and external participants.

VII. Important contracts

Nature	Parties involved	Contract start and end date	Main contents	Material restriction clauses
Distribution contracts	Cisco	Since 2003.10.27	Licensing SYSCOM as Cisco Gold Partner	None
Distribution contracts	Hewlett Packard Enterprise	Since 2011.01.14	Licensing SYSCOM as HP Enterprise Platinum Distributor	None
Distribution contracts	CyberLink Corp.	2019.07.01~ 2024.06.30	Licensing SYSCOM as CyberLink Distributor	None
Distribution contracts	Microsoft	Since 2017.12.27	Licensing SYSCOM as Microsoft LSP/CSP Distributor	None

Six. Financial position

I. Condensed Balance Sheets and Statements of Comprehensive Income for the most recent 5 years

(I) Condensed Balance Sheet

1. Consolidated Condensed Balance Sheet–Based on IFRS

Unit: Thousands of NTD

Item \ Year		Financial Summary for The Last Five Years					As of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Current assets		2,549,289	3,433,397	3,554,576	3,502,741	3,764,749	3,415,870
Property, Plant and Equipment		452,249	407,341	362,489	370,818	357,328	350,361
Intangible assets		20,635	20,489	3,656	2,743	2,410	2,832
Other assets		316,485	456,962	369,145	358,027	310,453	414,864
Total assets		3,338,658	4,318,189	4,289,866	4,234,329	4,434,940	4,183,927
Current liabilities	Before distribution	1,434,932	2,277,355	2,215,942	2,136,747	2,284,257	1,891,327
	After distribution	1,484,932	2,377,355	2,365,942	2,326,747	(Note 2)	(Note 2)
Non-current liabilities		147,341	225,952	179,220	122,825	98,870	152,475
Total liabilities	Before distribution	1,582,273	2,503,307	2,395,162	2,259,572	2,380,127	2,043,802
	After distribution	1,632,273	2,603,307	2,545,162	2,449,572	(Note 2)	(Note 2)
Equity attributable to shareholders of the parent		1,732,653	1,797,504	1,882,901	1,964,116	2,049,845	2,135,795
Capital stock		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital surplus		10	1,130	1,521	1,547	1,547	1,426
Retained earnings	Before distribution	743,312	811,036	898,606	969,490	1,044,551	1,128,982
	After distribution	693,312	711,036	748,606	779,490	(Note 2)	(Note 2)
Other equity interest		(10,669)	(14,662)	(17,226)	(6,921)	3,747	5,387
Treasury stock		-	-	-	-	-	-
Non-controlling interest		23,732	17,378	11,803	10,641	4,968	4,330
Total equity	Before distribution	1,756,385	1,814,882	1,894,704	1,974,757	2,054,813	2,140,125
	After distribution	1,706,385	1,714,882	1,744,704	1,784,757	(Note 2)	(Note 2)

Note 1 : Financial data in 2023 Q1 has been reviewed by the CPA.

Note 2 : As of April 15, 2023, the earning distribution of 2022 was not approved by annual Shareholders' Meeting.

2.Parent Condensed Balance Sheet–Based on IFRS

Unit: Thousands of TND

Item \ Year		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Current assets		2,090,035	2,898,081	3,211,798	3,153,985	3,426,661
Property, Plant and Equipment		419,519	376,412	333,917	343,436	328,345
Intangible assets		8,092	8,812	957	592	492
Other asset		590,149	670,066	547,488	526,092	489,557
Total assets		3,107,795	3,953,371	4,094,160	4,024,105	4,245,055
Current liabilities	Before distribution	1,229,405	1,940,914	2,038,238	1,924,679	2,040,140
	After distribution	1,279,405	2,040,914	2,188,238	2,114,679	(Note 1)
Non-current liabilities		145,737	214,953	173,021	135,310	155,070
Total liabilities	Before distribution	1,375,142	2,155,867	2,211,259	2,059,989	2,195,210
	After distribution	1,425,142	2,255,867	2,361,259	2,249,989	(Note 1)
Capital stock		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital surplus		10	1,130	1,521	1,547	1,547
Retained earnings	Before distribution	743,312	811,036	898,606	969,490	1,044,551
	After distribution	693,312	711,036	748,606	779,490	(Note 1)
Other equity interest		(10,669)	(14,662)	(17,226)	(6,921)	3,747
Treasury stock		-	-	-	-	-
Total equity	Before distribution	1,732,653	1,797,504	1,882,901	1,964,116	2,049,845
	After distribution	1,682,653	1,697,504	1,732,901	1,774,116	(Note 1)

Note 1 : As of April 15, 2023, the earning distribution of 2022 was not approved by annual Shareholders' Meeting.

(II) Condensed Statement of Comprehensive Income

1. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: Thousands of NTD

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2023 (Note 1)
	2018	2019	2020	2021	2022	
Operating revenue	4,726,730	5,910,857	5,757,866	5,869,595	5,950,524	1,246,921
Gross profit	1,110,131	1,244,168	1,310,988	1,424,263	1,518,500	333,669
Income from operations	36,591	100,240	163,353	254,826	264,405	102,747
Non-operating income and expenses	44,662	50,496	49,545	17,031	40,251	4,284
Income before tax	81,253	150,736	212,898	271,857	304,656	107,031
Income from operations of continued segments (after tax)	60,231	124,937	166,842	214,977	244,945	83,991
Income from discontinued operations	-	-	-	-	-	-
Net income (Loss)	60,231	124,937	166,842	214,977	244,945	83,991
Other comprehensive income (after tax)	2,664	(8,314)	15,030	15,297	25,146	1,631
Total comprehensive income	62,895	116,623	181,872	230,274	270,091	85,622
Net income attributable to shareholders of the parent	62,912	129,150	169,958	215,822	250,730	84,431
Net income attributable to non- controlling interest	(2,681)	(4,213)	(3,116)	(845)	(5,785)	(440)
Comprehensive income attributable to Shareholders of the parent	66,106	121,125	185,006	231,189	275,729	86,071
Comprehensive income attributable to non- controlling interest	(3,211)	(4,502)	(3,134)	(915)	(5,638)	(449)
Earnings per share(NT\$)	0.63	1.29	1.70	2.16	2.51	0.84

Note 1 : Financial data in 2023 Q1 has been reviewed by the CPA.

2.Parent Condensed Statement of Comprehensive Income – Based on IFRS

Unit: Thousands of NTD

Item \ Year	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	4,385,609	5,411,715	5,481,240	5,578,076	5,674,679
Gross profit	1,001,628	1,112,588	1,223,666	1,320,916	1,417,403
Income from operations	97,105	134,584	212,777	283,481	291,698
Non-operating income and expenses	(13,158)	22,447	2,316	(11,302)	17,954
Income before tax	83,947	157,031	215,093	272,179	309,652
Income from operations of continued segments (after tax)	62,912	129,150	169,958	215,822	250,730
Income from discontinued operations	-	-	-	-	-
Net income (Loss)	62,912	129,150	169,958	215,822	250,730
Other comprehensive income (after tax)	3,194	(8,025)	15,048	15,367	24,999
Total comprehensive income	66,106	121,125	185,006	231,189	275,729
Net income attributable to shareholders of the parent	62,912	129,150	169,958	215,822	250,730
Net income attributable to non- controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	66,106	121,125	185,006	231,189	275,729
Comprehensive income attributable to noncontrolling interest	-	-	-	-	-
Earnings per share (NT\$)	0.63	1.29	1.70	2.16	2.51

(III)Auditors' Opinions in the last five years

Year	Accounting Firm	CPA	Audit Opinion
2018	Deloitte & Touche	Hsin-Wei Tai Li-Wen Kuo	An unmodified opinion with emphasis of other matter paragraph
2019	Deloitte & Touche	Hsin-Wei Tai Li-Wen Kuo	An unmodified opinion with emphasis of other matter paragraph
2020	Deloitte & Touche	Hsin-Wei Tai Pei-De Chen	An unmodified opinion with emphasis of other matter paragraph
2021	Deloitte & Touche	Hsin-Wei Tai Pei-De Chen	An unmodified opinion with emphasis of other matter paragraph
2022	Deloitte & Touche	Hsin-Wei Tai Pei-De Chen	An unmodified opinion with emphasis of other matter paragraph

II. Financial analysis for the most recent 5 years

(I) Consolidated Financial Analysis – Based on IFRS

Item \ Year		Financial Analysis for the Last Five Years					As of March 31, 2023 (Note 1)
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio	47.39	57.97	55.83	53.36	53.67	48.85
	Ratio of long-term capital to property, plant and equipment	420.95	510.01	572.13	565.66	601.88	654.35
Solvency (%)	Current ratio	177.66	150.76	160.41	163.93	164.81	180.61
	Quick ratio	138.24	120.26	122.06	136.41	128.17	128.88
	Interest earned ratio (times)	12.22	10.99	24.20	56.71	39.93	28.84
Operating performance	Accounts receivable turnover (times)	4.06	5.51	4.84	4.32	3.87	4.31
	Average collection period	89.90	66.24	75.41	84.49	94.31	84.69
	Inventory turnover (times)	9.43	11.31	8.71	10.22	11.71	7.18
	Accounts payable turnover (times)	3.73	4.15	3.13	3.13	3.24	2.75
	Average days in sales	38.70	32.27	41.90	35.71	31.16	50.84
	Property, plant and equipment turnover (times)	10.45	14.51	15.88	15.83	16.65	3.56
	Total asset turnover (times)	1.42	1.37	1.34	1.39	1.34	0.30
Profitability	Return on total assets (%)	1.90	3.58	4.05	5.14	5.80	2.02
	Return on stockholders' equity (%)	3.43	7.00	9.00	11.11	12.16	4.00
	to paid-in capital (%)	Operating income		3.66	10.02	16.34	25.48
		Pre-tax income		8.13	15.07	21.29	27.19
	Profit ratio (%)	1.27	2.11	2.90	3.66	4.12	6.74
	Earnings per share (NT\$)	0.63	1.29	1.70	2.16	2.51	0.84
Cash flow	Cash flow ratio (%)	19.61	(3.91)	24.99	8.98	9.28	12.71
	Cash flow adequacy ratio (%)	122.84	100.34	103.74	121.40	104.88	-
	Cash reinvestment ratio (%)	10.02	(6.54)	20.72	1.88	0.94	10.01
Leverage	Operating leverage	-	-	-	-	-	-
	Financial leverage	-	-	-	-	-	-
Analysis of financial ratio differences for the last two years : not applicable.							

Note 1: The financial ratios for 2023 Q1 were calculated based on the financial data has been reviewed by the CPA.

Note 2: The calculation formula goes as follows.

1. Financial Structure

(1) Debt Ratio = total liabilities / total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses

3. Operating ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2) Average collection days for receivables = 365 / receivables turnover rate

(3) Inventory turnover rate = cost of sales / average inventory

(4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period

(5) Average days of sale = 365 / inventory turnover rate

(6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment

(7) Total asset turnover rate = net sales / average total asset

4. Profitability

(1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets

(2) Return on equity = net income / average total equity

(3) Profit margin before tax = net income / net sales

(4) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)

(3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current asset+ working capital)

6. Leveraging:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income

(2) Financial leverage = operating income / (operating income – interest expenses)

(II) Parent Financial Analysis–Based on IFRS

Items for Analysis		Fiscal Year	Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022	
Financial structure (%)	Debt Ratio		44.25	54.53	54.01	51.19	51.71
	Ratio of long-term capital to property, plant and equipment		447.75	534.64	615.70	611.30	671.52
Solvency (%)	Current ratio		170.00	149.32	157.58	163.87	167.96
	Quick ratio		127.87	115.64	117.10	134.96	128.88
	Interest earned ratio (times)		46.6	32.2	57.6	176.7	990.3
Operating performance	Accounts receivable turnover (times)		4.17	5.54	5.07	4.42	3.94
	Average collection period		87.52	65.88	71.99	82.57	92.63
	Inventory turnover (times)		9.59	11.41	8.81	10.37	12.27
	Accounts payable turnover (times)		3.58	3.97	3.07	3.04	3.15
	Average days in sales		38.06	31.98	41.43	35.19	29.74
	Property, plant and equipment turnover (times)		10.45	14.38	16.41	16.24	17.28
	Total asset turnover (times)		1.41	1.37	1.34	1.39	1.34
	Profitability	Return on total assets (%)		1.97	3.77	4.30	5.35
	Return on stockholders' equity (%)		3.62	7.32	9.24	11.22	12.49
	to paid-in capital (%)	Operating income	9.71	13.46	21.28	28.35	29.17
Pre-tax income		8.39	15.70	21.51	27.22	30.97	
	Profit ratio (%)		1.43	2.39	3.10	3.87	4.42
	Earnings per share (NT\$)		0.63	1.29	1.70	2.16	2.51
Cash flow	Cash flow ratio (%)		25.95	(1.72)	26.27	11.23	11.21
	Cash flow adequacy ratio (%)		128.69	100.36	95.85	119.07	103.94
	Cash reinvestment ratio (%)		12.10	(4.00)	20.27	3.00	1.63
Leverage	Operating leverage		-	-	-	-	-
	Financial leverage		-	-	-	-	-

Note1: The calculation formula goes as follows.

1. Financial Structure

(1) Debt Ratio = total liabilities / total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses

3. Operating ability

(1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period

(2) Average collection days for receivables = 365 / receivables turnover rate

(3) Inventory turnover rate = cost of sales / average inventory

(4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period

(5) Average days of sale = 365 / inventory turnover rate

(6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment

(7) Total asset turnover rate = net sales / average total asset

4. Profitability

(1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets

(2) Return on equity = net income / average total equity

(3) Profit margin before tax = net income / net sales

(4) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted

average number of issued shares

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current asset+ working capital)

6. Leveraging:

- (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
- (2) Financial leverage = operating income / (operating income – interest expenses)

III. Audit Committee's review reports on the financial statements for the most recent year

SYSCOM COMPUTER ENGINEERING CO.

Audit Committee's Review Report

The Company's Board of Directors prepared the 2022 Business Report, Financial Statements, and Statement of Earnings Distribution, among which the Financial Statements were audited by CPAs at Deloitte & Touche, by whom an audit report has been issued. Said Business Report, Financial Statements, and Statement of Earnings Distribution have been reviewed by the Audit Committee, and no inconsistency was found. The report is hereby presented as above in accordance with the relevant provisions of the Securities and Exchange Act and the Company Act. Please proceed to review it.

This report is hereby presented to
2023 Annual Shareholders' Meeting of Syscom Computer Engineering Co.

Audit Committee Convener: Che-Fu Kung

March 17, 2023

IV. Financial statements for the most recent year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

SYSCOM COMPUTER ENGINEERING CO.

By

Jui-Fu Liu
Chairman

March 17, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syscom Computer Engineering Company

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Recognition of Contract Revenue

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

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

1. We examined the underlying documents of original contract and related addendum used as basis for contract revenue recognized.
2. We verified the accuracy of accumulated incurred cost through test of details.
3. We assessed the appropriateness of underlying information and assumptions the management used in estimating total cost.
4. We performed retrospective review of discrepancy between actual costs incurred and estimated total cost of completed contract.

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

Other Matters

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

Notice to Readers

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

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

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

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

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

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

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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

(Continued)

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

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

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

(Concluded)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

		Equity attributable to owners of the Corporation									
		Retained earnings					Other equity				
C o d e		Share capital - ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
A1	BALANCE AT JANUARY 1, 2021	\$ 1,000,000	\$ 1,521	\$ 263,132	\$ 17,619	\$ 617,855	(\$ 15,110)	(\$ 2,116)	\$ 1,882,901	\$ 11,803	\$ 1,894,704
	Appropriation of the 2020 earnings										
B1	Legal reserve	-	-	18,757	-	(18,757)	-	-	-	-	-
B5	Cash dividends - NT\$1.5 per share	-	-	-	-	(150,000)	-	-	(150,000)	-	(150,000)
D1	Net profit for the year ended December 31, 2021	-	-	-	-	215,822	-	-	215,822	(845)	214,977
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	5,062	(5,240)	15,545	15,367	(70)	15,297
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	220,884	(5,240)	15,545	231,189	(915)	230,274
M5	Actual acquisition of interests in subsidiaries	-	26	-	-	-	-	-	26	(176)	(150)
Q1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(71)	(71)
Z1	BALANCE AT DECEMBER 31, 2021	1,000,000	1,547	281,889	17,619	669,982	(20,350)	13,429	1,964,116	10,641	1,974,757
	Appropriation of the 2021 earnings										
B1	Legal reserve	-	-	22,088	-	(22,088)	-	-	-	-	-
B5	Cash dividends - NT\$1.9 per share	-	-	-	-	(190,000)	-	-	(190,000)	-	(190,000)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	250,730	-	-	250,730	(5,785)	244,945
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	14,331	9,758	910	24,999	147	25,146
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	265,061	9,758	910	275,729	(5,638)	270,091
O1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(35)	(35)
Z1	BALANCE AT DECEMBER 31, 2022	\$ 1,000,000	\$ 1,547	\$ 303,977	\$ 17,619	\$ 722,955	(\$ 10,592)	\$ 14,339	\$ 2,049,845	\$ 4,968	\$ 2,054,813

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

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

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

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

(Continued)

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

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

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

(Concluded)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

January 1 to December 31, 2022 and 2021

(Amounts in thousands of NTD, unless otherwise indicated)

1. General

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

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

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

2. The Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 17, 2023.

3. Application of New and Revised Standards and Interpretations

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

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

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

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

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

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

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

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

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

New/ Revised /Amended Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

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

(2) Basis of Preparation

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

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

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

(3) Classification of current and non-current assets and liabilities

Current assets include:

- A. Assets held primarily for the purpose of trading;
- B. Assets expected to be realized within twelve months after the reporting period; and
- C. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- A. Liabilities held primarily for the purpose of trading;
- B. Liabilities due to be settled within twelve months after the reporting period; and
- C. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

(4) Basis of Consolidation

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

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

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

(5) Foreign Currencies

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

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

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

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

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

(6) Inventories

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

(7) Investment in associates and joint ventures

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

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

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

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

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

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

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

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

(8) Property, plant and equipment

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

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

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

(9) Goodwill

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

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

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

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

(10) Intangible assets

A. Acquired separately

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

B. Derecognition

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

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

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

allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

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

(12) Financial instruments

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

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

A. Financial assets

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

a. Measurement category

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

(a) Financial assets at FVTPL

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

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

Fair value is determined in the manner described in Note 26.

(b) Financial assets at amortized cost

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

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

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

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

Cash equivalents, held to meet short-term cash commitments, include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash, as well as deposits

in the bank and commercial papers, which are subject to an insignificant risk of changes in value.

(c) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets and contract assets

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

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

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

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

c. De-recognition of financial assets

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

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

B. Financial liabilities

a. Subsequent measurement

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

b. Derecognition of financial liabilities

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

(13) Recognition of revenue

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

A. Sales revenue

Project contract revenue

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

With the hardware and software system integration services provided by the Group, customers also obtain and consume performance benefits. The hardware and software system integration services rely on the input of technical personnel and the completion of hardware

equipment, and the Group measures the progress of completion based on the estimated total cost invested. Customers pay in installments according to contractual agreements. The Group recognizes contract assets over time in the course of providing services and reclassifies them as accounts receivable at the time of billing. If the amount received exceeds the amount of revenue recognized, the difference is recognized as a contract liability.

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

Product sales revenue

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

B. Service revenue

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

(14) Leases

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

A. The Group as lessor.

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

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

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

B. The Group as lessee.

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

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

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

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

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

(15) Government Grants

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

Government grants are recognized in other income on a systematic basis over the period in which the related costs for which they are intended to compensate are recognized as expenses by the Group.

Government subsidies conditioned on the purchase, construction or acquisition by other means of non-current assets by the Group are recognized as deferred revenue and are transferred to profit or loss on a reasonable and systematic basis over the useful lives of the related assets.

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

(16) Employee benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

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

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

(17) Income tax

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

A. Current tax

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

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

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

B. Deferred tax

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws)

that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax

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

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

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

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

Critical Accounting Judgments

Timing of recognition of revenue

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

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

6. Cash and cash equivalents

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

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

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

7. Financial assets at fair value through profit or loss

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

8. Financial assets at fair value through other comprehensive income

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

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

The Group purchased the common stocks of Turn Cloud Technology Service Inc. in January 2020, which was designated as investment at fair value through other comprehensive income because it was for the medium- to long-term strategic purpose. The company's common stocks will be available for trading on the Pioneer Stock Board of the Emerging Stock Market on November 26, 2021, and as regular Emerging Stock Market stocks starting February 15, 2022.

9. Financial assets at amortized cost

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

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

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

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

10. Accounts receivable

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

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

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

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

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

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

December 31, 2022

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

December 31, 2021

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

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

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

11. Inventories

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

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

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

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

12. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

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

Name of the investor company	Name of the subsidiary	Business nature	Ownership percentage		Description
			December 31, 2022	December 31, 2021	
The Company	Casemaker Inc.	Sales of computer software, hardware and related products.	100.00%	100.00%	(1)
	SYSCOM INTERNATIONAL INC.	Investments in other businesses	100.00%	100.00%	(1)
	Coach Technology Management Inc.	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.	97.50%	97.50%	(1)
	Syscom Computer(Thailand)Co., Ltd.	Development and maintenance of software and other businesses.	91.40%	91.40%	(1)
	Wisemaker Technology Co.	Sales of computer software, hardware and related products.	98.72%	98.72%	(1)
	Netmaker Technology Co., Ltd. (Netmaker Technology Co.)	Information software, data processing and electronic information supply services	86.60%	86.60%	(1)
Coach Technology Management Inc.	Syscom Computer(Thailand)Co., Ltd.	Development and maintenance of software and other businesses	0.54%	0.54%	(1)
Casemaker Inc. and SYSCOM INTERNATIONAL INC.	Syscom Computer(Shenzhen)Co., Ltd.	Computer equipment software development, sales of self-developed technical achievements services, computer system integration and network wiring engineering.	98.27%	98.27%	(1)
	Xian Linan Computer Co., Ltd.	Development and production of computer equipment and computer software, computer system integration network construction, sales of self-produced products, and provision of after-sales technical services.	74.38%	74.38%	(1)

- A. The amounts shown in the consolidated financial statements are recognized based on the financial statements of each subsidiary audited by CPAs for the same period.
- B. The Company acquired 13 thousand shares of Netmaker Technology Co., Ltd. from a non-related party for NT\$128 thousand in February 2021, and the shareholding percentage was changed to 86.60% after the acquisition.
- C. The Company acquired 1 thousand shares of Wisemaker Technology Co. from a non-related party for NT\$22 thousand in October 2021, and the shareholding percentage was changed to 98.72% after the acquisition.

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

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

13. Investments accounted for using the equity method

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

(1) Investments in associates

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

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

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

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

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

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

(2) Investments in joint ventures

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

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

<u>Name of the company</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cloudmaster Co., Ltd.	50.00%	50.00%

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

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

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

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

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

14. Property, plant and equipment

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

(1) For the Group's use

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

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

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

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

(2) Under operating lease

	<u>Machinery equipment</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 30,406
Reclassification	198
Balance at December 31, 2022	<u>\$ 30,604</u>

Accumulated depreciation and impairment

Balance at January 1, 2022	\$ 1,144
Depreciation expenses	<u>5,648</u>
Balance at December 31, 2022	<u>\$ 6,792</u>

Net at December 31, 2022	<u>\$ 23,812</u>
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Cost

Balance at January 1, 2021	\$ 1,834
Reclassification	<u>28,572</u>
Balance at December 31, 2021	<u>\$ 30,406</u>

Accumulated depreciation and impairment

Balance at January 1, 2021	\$ 131
Depreciation expenses	1,312
Reclassification	(<u>299</u>)
Balance at December 31, 2021	<u>\$ 1,144</u>

Net at December 31, 2021	<u>\$ 29,262</u>
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The Group leases machinery equipment under operating leases for a period of 1 to 3 years. The lessee does not have a preferential right to acquire the asset at the end of the lease period.

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

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

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

15. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Buildings	<u>\$ 20,655</u>	<u>\$ 63,508</u>
	<u>2022</u>	<u>2021</u>
Addition of right-of-use assets	<u>\$ 875</u>	<u>\$ 21,517</u>
Depreciation expenses of right-of-use assets		
Buildings	<u>\$ 44,091</u>	<u>\$ 45,045</u>

(2) Lease liabilities

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

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	0.75%~2.61%	0.75%~2.61%

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

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

(4) Other lease information

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

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

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

16. Intangible assets

2022

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

2021

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

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

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

17. Loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Unsecured loans</u>		
- Line of credit borrowings	<u>\$ 180,922</u>	<u>\$ 137,726</u>

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

18. Other payables

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

19. Retirement benefits plans

(1) Defined contribution plan

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

(2) Defined benefits plan

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

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

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

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

	<u>Present value of defined benefits obligations</u>	<u>Fair value of planned assets</u>	<u>Net defined benefits liabilities (assets)</u>
Balance at January 1, 2021	\$ 237,725	(\$ 135,937)	\$ 101,788
Current service costs	273	-	273
Interest expense (income)	<u>694</u>	(<u>392</u>)	<u>302</u>
Recognized in profit or loss	<u>967</u>	(<u>392</u>)	<u>575</u>
Remeasurement			
Return on planned assets (other than the amounts included in net interest)	-	(2,013)	(2,013)
Actuarial loss - changes in demographic assumptions	4,538	-	4,538
Actuarial gain - changes in financial assumptions	(6,066)	-	(6,066)
Actuarial gain - adjustment through experiences	(<u>2,784</u>)	<u>-</u>	(<u>2,784</u>)

	Present value of defined benefits obligations	Fair value of planned assets	Net defined benefits liabilities (assets)
Recognized in other comprehensive income	(<u>4,312</u>)	(<u>2,013</u>)	(<u>6,325</u>)
Appropriated by the employer	<u>-</u>	(<u>18,543</u>)	(<u>18,543</u>)
Benefits payment	(<u>6,219</u>)	<u>6,219</u>	<u>-</u>
Balance at December 31, 2021	<u>228,161</u>	(<u>150,666</u>)	<u>77,495</u>
Current service costs	<u>228</u>	<u>-</u>	<u>228</u>
Interest expense (income)	<u>1,434</u>	(<u>938</u>)	<u>496</u>
Recognized in profit or loss	<u>1,662</u>	(<u>938</u>)	<u>724</u>
Remeasurement			
Return on planned assets (other than the amounts included in net interest)	<u>-</u>	(<u>11,582</u>)	(<u>11,582</u>)
Actuarial gain - changes in financial assumptions	(<u>8,903</u>)	<u>-</u>	(<u>8,903</u>)
Actuarial loss - adjustment through experiences	<u>2,570</u>	<u>-</u>	<u>2,570</u>
Recognized in other comprehensive income	(<u>6,333</u>)	(<u>11,582</u>)	(<u>17,915</u>)
Appropriated by the employer	<u>-</u>	(<u>5,646</u>)	(<u>5,646</u>)
Benefits payment	(<u>12,895</u>)	<u>12,895</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 210,595</u>	(<u>\$ 155,937</u>)	<u>\$ 54,658</u>

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

	2022	2021
Operating costs	\$ 194	\$ 176
Operating expenses	<u>530</u>	<u>399</u>
	<u>\$ 724</u>	<u>\$ 575</u>

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

- A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the Labor Pension Fund in domestic (and foreign) equity securities, debt securities and bank deposits through its own operations and by entrusted 3rd parties, but the amount allocated to the Group's plan assets should not be less than the income at the interest rate of two-year time deposits in local banks.
- B. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
- C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

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

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

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

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	(<u>\$ 3,537</u>)	(<u>\$ 4,187</u>)

	December 31, 2022	December 31, 2021
Decrease by 0.25%	<u>\$ 3,633</u>	<u>\$ 4,307</u>
Expected salary increase rate		
Increase by 0.25%	<u>\$ 3,597</u>	<u>\$ 4,239</u>
Decrease by 0.25%	<u>(\$ 3,519)</u>	<u>(\$ 4,143)</u>
The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.		
	December 31, 2022	December 31, 2021
Amount expected to be appropriated within 1 year	<u>\$ 2,565</u>	<u>\$ 2,624</u>
Average duration to maturity of defined benefit obligation	6.71 Years~11.80 Years	7.34 Years~12.83 Years

20. Equity

(1) Share capital - ordinary shares

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

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

(2) Capital surplus

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

(3) Retained earnings and dividend policy

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

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

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

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

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

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

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

	2022
Legal reserve	<u>\$ 26,506</u>
Cash dividends	<u>\$ 220,000</u>
Cash dividends per share (NTD)	<u>\$ 2.2</u>

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

(4) Special reserve

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

(5) Other equity interests

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

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

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

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

(6) Non-controlling interests

	2022	2021
Balance at the beginning of the year	\$ 10,641	\$ 11,803
Net loss for the year	(5,785)	(845)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of foreign operations	106	(68)
Remeasurement of defined benefit plans	41	(2)
Effective acquisition of partial interest in a subsidiary by the parent company (Note 12)	-	(176)
Cash dividends from subsidiaries	(35)	(71)
Balance at the end of the year	<u>\$ 4,968</u>	<u>\$ 10,641</u>

21. Revenue

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

(1) Description of customer contracts

Sales revenue

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

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

Service revenue

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

(2) Contract balances

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

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

(3) Breakdown of customer contract revenue
2022

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

2021

		Reportable segment	
		Business segments of the entities controlled by the Company	Total
<u>Type of products or services</u>		Business segments of the Company	
Sales revenue	\$	4,307,024	\$ 4,574,665
Service revenue		1,266,905	1,292,764
Rental revenue		<u>1,514</u>	<u>2,166</u>
	\$	<u>5,575,443</u>	<u>5,869,595</u>
22.	<u>Net profit for the period</u>		
(1)	Interest income		
		2022	2021
	Bank deposits	<u>\$ 4,043</u>	<u>\$ 4,335</u>
(2)	Other income		
		2022	2021
	Government grants income	\$ 39,858	\$ 6,712
	Marketing incentive income	10,563	4,275
	Rental income	5,716	5,221
	Others	<u>5,957</u>	<u>6,502</u>
		<u>\$ 62,094</u>	<u>\$ 22,710</u>
(3)	Other gain and loss		
		2022	2021
	Net gain on financial assets at fair value through profit or loss	\$ 432	\$ 410
	Gain on disposal of property, plant and equipment	382	446
	Net foreign currency exchange (loss) gain	(10,297)	2,590
	Others	(<u>13,610</u>)	(<u>11,798</u>)
		(<u>\$ 23,093</u>)	(<u>\$ 8,352</u>)
(4)	Finance costs		
		2022	2021
	Interest on bank loans	\$ 6,974	\$ 3,442
	Interest on lease liabilities	850	1,437
	Others	<u>2</u>	<u>1</u>
		<u>\$ 7,826</u>	<u>\$ 4,880</u>
(5)	Depreciation and amortization		
		2022	2021
	Summary of depreciation expenses by function		
	Operating costs	\$ 21,088	\$ 17,124
	Operating expenses	<u>90,564</u>	<u>91,900</u>
		<u>\$ 111,652</u>	<u>\$ 109,024</u>
	Summary of amortization expenses by function		
	Operating expenses	<u>\$ 633</u>	<u>\$ 901</u>

(6) Employee benefits expenses

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

(7) Profit-sharing remuneration for employees and directors

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

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

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

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

23. Income tax

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

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

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

	2022	2021
Net profit before tax	<u>\$ 304,656</u>	<u>\$ 271,857</u>
Income tax expense at statutory rate on net profit before tax	\$ 55,327	\$ 56,358

	2022	2021
Non-deductible expenses for tax purposes	1,896	1,756
Tax-exempt income	(1,021)	(2,499)
Income tax on unappropriated earnings	161	-
Investment tax credits used in the year	(9,428)	(6,199)
Unrecognized deductible temporary differences	7,584	3,783
Unrecognized loss carryforward	7,264	-
Adjustments to prior years' current income tax expense recorded in the year	(<u>2,072</u>)	<u>3,681</u>
Income tax expense recognized in profit or loss	<u>\$ 59,711</u>	<u>\$ 56,880</u>
(2) Income tax expense recognized in other comprehensive income		
	2022	2021
<u>Deferred income tax</u>		
Generated during the year		
- Remeasurement of defined benefit plans	<u>\$ 3,543</u>	<u>\$ 1,265</u>

(3) Deferred income tax assets and liabilities

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

2022

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

2021

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	<u>\$ 335</u>	<u>\$ 335</u>

- (5) Status of income tax assessment

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

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

24. Earnings per share

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

Net profit for the year

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

Number of shares

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

Unit: Thousands of shares

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

25. Capital risk management

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

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

The Group is not subject to other external capital requirements.

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

26. Financial instruments

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

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

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

Fair value hierarchy

December 31, 2022

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

December 31, 2021

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

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

(3) Type of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 19,956	\$ 235,009
Financial assets at amortized cost (Note 1)	2,430,681	2,390,267

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investments in equity instruments designated as at fair value through other comprehensive income	25,737	22,448

Financial liabilities

Measured at amortized cost (Note 2)	1,989,268	1,833,024
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Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, investments in debt instruments, notes receivable, accounts receivable, and other receivables.

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

(4) Financial risk management objectives and policies

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

A. Market risk

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

a. Exchanger rate risk

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

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

Sensitivity analysis

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

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

b. Interest rate risk

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

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

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

Sensitivity analysis

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

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

B. Credit risk

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

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

C. Liquidity risk

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

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

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

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

December 31, 2022

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

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

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

December 31, 2021

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

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

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

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

b. Financing facilities

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

27. Related Party Transactions

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

(1) Names of related parties and the relationships

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

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

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

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

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

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

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

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

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

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

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

(6) Acquisition of property, plant and equipment

Type of related party	Acquisition price	
	2022	2021
Associate	<u>\$ 7,660</u>	<u>\$ 7,104</u>

(7) Lease agreement with the Group as the lessee

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

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

(8) Rental expenses

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

(9)	Rental income			
	Account on the financial statements	Name	2022	2021
	Other income	Cloudmaster Co., Ltd.	<u>\$ 1,685</u>	<u>\$ 1,457</u>

(10)	Salaries for key management			
			2022	2021
	Short-term employee benefits		\$ 305,374	\$ 284,878
	Retirement benefits		<u>12,268</u>	<u>11,414</u>
			<u>\$ 317,642</u>	<u>\$ 296,292</u>

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

28. Assets Pledged as Collateral

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

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

29. Significant Contingent Liabilities and Unrecognized Commitments

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

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

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

December 31, 2022

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

Foreign currency liabilities

<u>Monetary item</u>			
USD	\$ 6,266	30.71	\$ 192,435

December 31, 2021

	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary item</u>			
USD	\$ 565	27.68	\$ 15,629
<u>Non-monetary item</u>			
JPY	50,642	0.2405	12,179

Foreign currency liabilities

<u>Monetary item</u>			
USD	7,548	27.68	208,931

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

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

31. Separately Disclosed Items

- (1) Information on significant transactions and investees
 - A. Lending of funds to others: None
 - B. Endorsement and guarantee for others. (Exhibit 1.)
 - C. Marketable securities held at the end of the period (excluding investment in the equities of subsidiaries, affiliates and joint ventures). (Exhibit 2.)
 - D. The cumulative purchase or sale of the same security for an amount exceeding NT\$300 million or 20% of paid-in capital: None.
 - E. The acquisition of real estate for an amount exceeding NT\$300 million or 20% of paid-in capital: None.
 - F. The disposal of real estate for an amount exceeding NT\$300 million or 20% of paid-in capital: None
 - G. The purchase or sale with the related party for an amount exceeding NT\$100 million or 20% of paid-in capital: None
 - H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more. None.
 - I. Engagement in derivative transactions: None.
 - J. Others: Business relationships and significant inter-company transactions between parent and subsidiary and between subsidiaries. (Exhibit 3.)
 - K. Information on investees (Exhibit 4.)
- (2) Information on investments in Mainland China:
 - A. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China. (Exhibit E.)
 - B. The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: None
 - a. Amount and percentage of purchases and related payables at the end of the period.
 - b. Amount and percentage of sales and related receivables at the end of the period.
 - c. Amount of property transaction and amount of the profit or loss so incurred.
 - d. Balance and purpose of endorsement and guarantee or collateral provided at end of the period.
 - e. Maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation.
 - f. Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.
- (3) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the ownership. (Exhibit 6)

32. Segment Information

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

(1) Segment revenue and operating results

	Segment revenue		Segment profit or loss	
	2022	2021	2022	2021
Reportable segment				
Business segments of the Company	\$ 5,674,679	\$ 5,578,076	\$ 291,698	\$ 283,481
Business segments of the entities controlled by the Company	360,533	354,799	(30,128)	(31,810)

	Segment revenue		Segment profit or loss	
	2022	2021	2022	2021
Elimination of inter-segment revenue	(84,688)	(63,280)	2,835	3,155
Total of reportable segments	\$ 5,950,524	\$ 5,869,595	264,405	254,826
Non-operating income and expense			40,251	17,031
Net profit before tax			\$ 304,656	\$ 271,857

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

(2) Total segment assets and liabilities

	December 31, 2022	December 31, 2021
<u>Segment assets</u>		
Business segments of the Company	\$ 4,025,953	\$ 3,820,707
Business segments of the entities controlled by the Company	408,987	413,622
Total	<u>\$ 4,434,940</u>	<u>\$ 4,234,329</u>
<u>Segment liabilities</u>		
Business segments of the Company	\$ 2,097,252	\$ 1,958,246
Business segments of the entities controlled by the Company	282,875	301,326
Total	<u>\$ 2,380,127</u>	<u>\$ 2,259,572</u>

(3) Region information

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

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

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

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

(4) Information on major customers

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

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

Exhibit 1

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

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

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

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

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

Exhibit 2

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

Company held	Type and name of marketable securities	Relationship with the issuer of marketable securities	Account on the financial statements	End of the period				Remark
				Number of shares/units	Carrying amount	Shareholding percentage %	Fair value	
SYSCOM COMPUTER ENGINEERING CO.	<u>Beneficial certificates</u>							
	Yuanta Global Quality Leader Balanced Fund - NTD Class A No-Dividends/Interests	—	Financial assets at fair value through profit or loss - current	1,966	\$ 19,505	-	\$ 19,505	
	<u>Stocks</u>							
	Engsound Technical Enterprise Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	273	1,595	9.09	1,595	
	Turn Cloud Technology Service Inc.	—	Financial assets at fair value through other comprehensive income - non-current	195	22,650	1.00	22,650	
	Shin Kong Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	166	1,457	-	1,457	
Coach Technology Management Inc.	Dimension Computer Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	2	35	-	35	
	<u>Beneficial certificates</u>							
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss - current	31	451	-	451	

Note 1: Marketable securities referred to here are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9, "Financial Instruments".

Note 2: The above stocks or beneficiary certificates were not pledged as collateral.

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

Exhibit 3

(In Thousands of New Taiwan Dollars)

No.	Name of the trader	Counterparty of the transaction	Relationship with the trader (Note)	Transaction details			
				Account on the financial statements	Amount	Trading terms	As a percentage of consolidated total revenue or total assets
0	The Company	Netmaker Technology Co.	1	Accounts receivable	\$ 15,075	General trading terms	-
	The Company	Netmaker Technology Co.	1	Prepayment for purchases	11,986	General trading terms	-
	The Company	Netmaker Technology Co.	1	Accounts payable	21,751	General trading terms	-
	The Company	Netmaker Technology Co.	1	Sales revenue	14,313	General trading terms	-
	The Company	Netmaker Technology Co.	1	Maintenance revenue	2,491	General trading terms	-
	The Company	Netmaker Technology Co.	1	Cost of goods sold	22,709	General trading terms	-
	The Company	Netmaker Technology Co.	1	Maintenance costs	8,006	General trading terms	-
	The Company	Netmaker Technology Co.	1	Miscellaneous expenses	4,811	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Accounts payable	4,330	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Rental income	1,479	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Cost of goods sold	20,729	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Maintenance costs	9,685	General trading terms	-
	The Company	Wisemaker Technology Co.	1	Miscellaneous expenses	2,253	General trading terms	-

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

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

Exhibit 4

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

Name of the investor company	Name of the investee	Location	Principal business	Original investment amount		Holding at the end of the period			Profit (loss) for the period of the investee (Note)	Investment income (loss) recognized in the period	Remark
				End of the period	End of last year	Number of shares	Shareholding %	Carrying amount			
SYSCOM COMPUTER ENGINEERING CO.	Coach Technology Management Inc.	Taipei City	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.	\$ 19,200	\$ 19,200	1,950	97.50	\$ 4,331	(\$ 368)	(\$ 359)	Subsidiaries
	Casemaker Inc.	California, U.S.A.	Sales of computer software, hardware and related products.	USD 1,300	USD 1,300	1,300	100.00	98,578	(4,448)	(4,448)	Subsidiaries
	SYSCOM INTERNATIONAL INC.	Cayman Islands	Investments in other businesses	USD 6,050	USD 6,050	6,050	100.00	(71,381)	(39,020)	(39,020)	Subsidiaries
	Netmaker Technology Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	18,763	18,763	2,858	86.60	39,271	(174)	(151)	Subsidiaries
	Wisemaker Technology Co.	Taipei City	Sales of computer software, hardware and related products.	41,697	41,697	2,665	98.72	58,256	2,909	2,871	Subsidiaries
	DBMaker Japan, Inc.	Tokyo, Japan	Development and sales of computer system software and hardware	JPY 53,260	JPY 53,260	5	49.89	15,486	7,294	3,639	Investee accounted for using the equity method
	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 33,014	THB 33,014	3,400	91.40	3,105	(311)	(284)	Subsidiaries
	Cloudmaster Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	65,000	65,000	6,500	50.00	54,032	2,789	1,394	Investee accounted for using the equity method
Coach Technology Management Inc.	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 200	THB 200	20	0.54	18	(311)	Not applicable	Subsidiary

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

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

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

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

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

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

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

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

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

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

Exhibit 6

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

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

- V. Parent company only financial statements for the most recent years audited and attested by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syscom Computer Engineering Company

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Financial Statements section of our report. We are independent of the Corporation 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Recognition of Contract Revenue

The Corporation 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 accompanying financial statements for related disclosure on revenue recognition.

Other Matter

The financial statements as of and for the years ended December 31, 2022 and 2021 of some investees in which the Corporation had equity-method investments were audited by other auditors. Our opinion, insofar as it relates to the amounts included in the accompanying financial statements for these investees, is based solely on the reports of the other auditors. As of December 31, 2022 and 2021, the aforementioned investments accounted for using equity method amounted to NT\$203,541 thousands and NT\$197,567 thousands, which were 5% of total assets of the Corporation. For the years ended December 31, 2022 and 2021, investment income from the aforementioned equity-method investments amounted to NT\$(2,371) thousands and NT\$5,662 thousands, which represented (0.8%) and 2.1% of total comprehensive income of the Corporation.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

Notice to Readers

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.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 446,088	11	\$ 320,197	8
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	19,505	-	235,009	6
1136	Financial assets at amortized cost - current (Notes 4, 9 and 26)	164,382	4	146,909	4
1140	Contract assets - current (Notes 4 and 19)	478,405	11	325,665	8
1150	Notes receivable (Note 4)	2,299	-	2,416	-
1172	Accounts receivable (Notes 4, 10, and 25)	1,394,927	33	1,483,549	37
1200	Other receivables (Note 4)	5,103	-	7,160	-
130X	Inventories (Notes 4 and 11)	421,379	10	263,447	6
1410	Prepayments	376,022	9	293,019	7
1479	Other current assets	118,551	3	76,614	2
11XX	Total current assets	<u>3,426,661</u>	<u>81</u>	<u>3,153,985</u>	<u>78</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	25,737	1	22,448	1
1535	Financial assets at amortized cost - non-current (Notes 4, 9, and 26)	128,829	3	146,760	4
1550	Investments accounted for using the equity method (Notes 4 and 12)	273,059	6	262,481	6
1600	Property, plant and equipment (Notes 4, 13, 25 and 26)	328,345	8	343,436	9
1755	Right-of-use assets (Notes 4 and 14)	3,481	-	39,188	1
1821	Intangible assets (Notes 4 and 15)	492	-	592	-
1840	Deferred tax assets (Notes 4 and 21)	11,643	-	17,191	-
1990	Other non-current assets (Note 4)	46,808	1	38,024	1
15XX	Total non-current assets	<u>818,394</u>	<u>19</u>	<u>870,120</u>	<u>22</u>
1XXX	TOTAL	<u>\$ 4,245,055</u>	<u>100</u>	<u>\$ 4,024,105</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2130	Contract liabilities - current (Notes 4 and 19)	\$ 220,867	5	\$ 191,489	5
2150	Notes payable	16,026	-	68	-
2170	Accounts payable (Note 25)	1,390,693	33	1,298,071	32
2200	Other payables (Note 16)	366,124	9	349,741	9
2230	Current tax liabilities	30,344	1	31,322	1
2280	Lease liabilities - current (Notes 4, 14 and 25)	2,069	-	38,560	1
2399	Other current liabilities	14,017	-	15,428	-
21XX	Total current liabilities	<u>2,040,140</u>	<u>48</u>	<u>1,924,679</u>	<u>48</u>
	NON-CURRENT LIABILITIES				
2572	Deferred tax liabilities (Notes 4 and 21)	10,416	-	10,578	-
2580	Lease liabilities - non-current (Notes 4, 14 and 25)	1,479	-	2,999	-
2640	Net defined benefits liabilities - non-current (Notes 4 and 17)	54,503	1	76,388	2
2645	Guarantee deposits received	17,291	1	13,263	-
2670	Other non-current liabilities (Note 12)	71,381	2	32,082	1
25XX	Total non-current liabilities	<u>155,070</u>	<u>4</u>	<u>135,310</u>	<u>3</u>
2XXX	Total liabilities	<u>2,195,210</u>	<u>52</u>	<u>2,059,989</u>	<u>51</u>
	Equity (Notes 4 and 18)				
3100	Share capital - ordinary shares	1,000,000	23	1,000,000	25
3200	Capital surplus	1,547	-	1,547	-
	Retained earnings				
3310	Legal reserve	303,977	7	281,889	7
3320	Special reserve	17,619	1	17,619	-
3350	Unappropriated earnings	722,955	17	669,982	17
3300	Total retained earnings	<u>1,044,551</u>	<u>25</u>	<u>969,490</u>	<u>24</u>
3400	Other equity	3,747	-	(6,921)	-
3XXX	Total equity	<u>2,049,845</u>	<u>48</u>	<u>1,964,116</u>	<u>49</u>
	TOTAL	<u>\$ 4,245,055</u>	<u>100</u>	<u>\$ 4,024,105</u>	<u>100</u>

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

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

SYSCOM COMPUTER ENGINEERING CO.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022		2021	
		Amount	%	Amount	%
	OPERATING REVENUE (Notes 4, 5, 19, and 25)				
4100	Sales	\$ 4,328,914	76	\$ 4,308,274	77
4600	Maintenance revenue	1,327,885	24	1,268,288	23
4300	Rental revenue	<u>17,880</u>	<u>-</u>	<u>1,514</u>	<u>-</u>
4000	Total operating revenue	<u>5,674,679</u>	<u>100</u>	<u>5,578,076</u>	<u>100</u>
	OPERATING COSTS (Notes 4, 11, 20, and 25)				
5110	Cost of goods sold	3,280,653	58	3,325,713	59
5600	Maintenance costs	962,166	17	929,207	17
5300	Rental costs	<u>14,457</u>	<u>-</u>	<u>2,240</u>	<u>-</u>
5000	Total operating costs	<u>4,257,276</u>	<u>75</u>	<u>4,257,160</u>	<u>76</u>
5900	GROSS PROFIT	<u>1,417,403</u>	<u>25</u>	<u>1,320,916</u>	<u>24</u>
	OPERATING EXPENSES (Notes 10, 17, 20, and 25)				
6100	Selling and marketing expenses	936,247	17	866,400	16
6300	Research and development expenses	189,458	3	170,678	3
6450	Expected credit loss recognized on trade receivables	<u>-</u>	<u>-</u>	<u>357</u>	<u>-</u>
6000	Total operating expenses	<u>1,125,705</u>	<u>20</u>	<u>1,037,435</u>	<u>19</u>
6900	PROFIT FROM OPERATIONS	<u>291,698</u>	<u>5</u>	<u>283,481</u>	<u>5</u>
	NON-OPERATING INCOME AND EXPENSES (Note 4)				
7100	Interest income (Note 20)	2,904	-	2,732	-
7010	Other income (Notes 20 and 25)	60,806	1	14,611	-
7020	Other gains and losses (Note 20)	(9,085)	-	(10,792)	-
7050	Finance costs (Notes 20 and 25)	(313)	-	(1,549)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures (Note 12)	(<u>36,358</u>)	(<u>1</u>)	(<u>16,304</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>17,954</u>	<u>-</u>	(<u>11,302</u>)	<u>-</u>

(Continued)

Code		2022		2021	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 309,652	5	\$ 272,179	5
7950	INCOME TAX EXPENSE (Notes 4 and 21)	<u>58,922</u>	<u>1</u>	<u>56,357</u>	<u>1</u>
8200	NET PROFIT FOR THE YEAR	<u>250,730</u>	<u>4</u>	<u>215,822</u>	<u>4</u>
	OTHER COMPREHENSIVE INCOME (Notes 17, 18, and 21)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans	17,235	1	6,580	-
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	910	-	15,545	-
8330	Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	543	-	(202)	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	(3,447)	-	(1,316)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	9,855	-	(4,805)	-
8380	Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(<u>97</u>)	<u>-</u>	(<u>435</u>)	<u>-</u>
8300	Other comprehensive (loss) income for the year, net of income tax	<u>24,999</u>	<u>1</u>	<u>15,367</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 275,729</u>	<u>5</u>	<u>\$ 231,189</u>	<u>4</u>
	EARNINGS PER SHARE (Note 22)				
9710	Basic	<u>\$ 2.51</u>		<u>\$ 2.16</u>	
9810	Diluted	<u>\$ 2.50</u>		<u>\$ 2.15</u>	

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

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

(Concluded)

SYSCOM COMPUTER ENGINEERING CO.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Code		Share capital - ordinary shares	Capital surplus	Retained earnings			Exchange differences on translating the financial statements of foreign operations	Other equity	Total equity
				Legal reserve	Special reserve	Unappropriated earnings		Unrealized gain or loss on financial assets at fair value through other comprehensive income	
A1	BALANCE AT JANUARY 1, 2021	\$ 1,000,000	\$ 1,521	\$ 263,132	\$ 17,619	\$ 617,855	(\$ 15,110)	(\$ 2,116)	\$ 1,882,901
	Appropriation of the 2020 earnings								
B1	Legal reserve	-	-	18,757	-	(18,757)	-	-	-
B5	Cash dividends - NT\$1.5 per share	-	-	-	-	(150,000)	-	-	(150,000)
D1	Net profit for the year ended December 31, 2021	-	-	-	-	215,822	-	-	215,822
D3	Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	5,062	(5,240)	15,545	15,367
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	220,884	(5,240)	15,545	231,189
M5	Actual acquisition of interests in subsidiaries	-	26	-	-	-	-	-	26
Z1	BALANCE AT DECEMBER 31, 2021	1,000,000	1,547	281,889	17,619	669,982	(20,350)	13,429	1,964,116
	Appropriation of the 2021 earnings								
B1	Legal reserve	-	-	22,088	-	(22,088)	-	-	-
B5	Cash dividends - NT\$1.9 per share	-	-	-	-	(190,000)	-	-	(190,000)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	250,730	-	-	250,730
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	14,331	9,758	910	24,999
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	265,061	9,758	910	275,729
Z1	BALANCE AT DECEMBER 31, 2022	<u>\$ 1,000,000</u>	<u>\$ 1,547</u>	<u>\$ 303,977</u>	<u>\$ 17,619</u>	<u>\$ 722,955</u>	(<u>\$ 10,592</u>)	<u>\$ 14,339</u>	<u>\$ 2,049,845</u>

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

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

SYSCOM COMPUTER ENGINEERING CO.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

Code		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 309,652	\$ 272,179
A20010	Adjustments for:		
A20100	Depreciation expenses	101,337	97,142
A20200	Amortization expenses	100	365
A20300	Expected credit loss recognized on trade receivables	-	357
A20400	Net gain on financial assets at fair value through profit or loss	(426)	(409)
A20900	Finance costs	313	1,549
A21200	Interest income	(2,904)	(2,732)
A21300	Dividend income	(465)	(89)
A22400	Share of loss of subsidiaries, associates and joint ventures	36,358	16,304
A22500	Gain on disposal of property, plant and equipment	(382)	(481)
A23800	Write-downs(Reversal) of inventories	167	(8)
A24100	Net loss (gain) on foreign currency exchange	3,475	(1,758)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(152,740)	231,963
A31130	Notes receivable	117	(935)
A31150	Accounts receivable	91,132	(450,387)
A31180	Other receivables	2,057	(1,174)
A31200	Inventories	(161,077)	246,336
A31230	Prepayments	(83,003)	(10,709)
A31240	Other current assets	(1,539)	58
A32125	Contract liabilities	29,378	836
A32130	Notes payable	15,958	(96)
A32150	Accounts payable	85,833	(200,494)
A32180	Other payables	16,383	75,203
A32230	Other current liabilities	(1,411)	2,647
A32240	Net defined benefits liabilities	(4,650)	(17,696)
A33000	Cash inflows from operations	283,663	257,971
A33100	Interest received	2,904	2,732
A33200	Dividends received	465	89
A33300	Interest paid	(313)	(1,549)
A33500	Income tax paid	(57,961)	(43,064)
AAAA	Net cash inflow from operating activities	<u>228,758</u>	<u>216,179</u>

(Continued)

Code		2022	2021
	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	458	(2,575)
B00100	Purchase of financial assets at fair value through profit or loss	(720,000)	(845,000)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	935,930	953,433
B02700	Payments for property, plant and equipment	(46,733)	(37,715)
B02800	Proceeds from disposal of property, plant and equipment	429	719
B03800	(Increase) decrease in refundable deposits	(49,182)	5,380
B06100	Decrease in lease receivables	-	122
B07600	Dividends from subsidiaries received	<u>2,664</u>	<u>5,329</u>
BBBB	Net cash inflows from investing activities	<u>121,187</u>	<u>79,693</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C03000	Guarantee deposits received	4,028	95
C04020	Repayment of the principal portion of lease liabilities	(38,886)	(37,988)
C04500	Dividends paid	(190,000)	(150,000)
C05400	Acquisition of subsidiaries	<u>-</u>	<u>(150)</u>
CCCC	Net cash outflows from financing activities	<u>(224,858)</u>	<u>(188,043)</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>804</u>	<u>(75)</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	125,891	107,754
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>320,197</u>	<u>212,443</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 446,088</u>	<u>\$ 320,197</u>

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

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

(Concluded)

SYSCOM COMPUTER ENGINEERING CO.
Notes to Parent Company Only Financial Statements
January 1 to December 31, 2022 and 2021
(Amounts in thousands of NTD, unless otherwise indicated)

1. General

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

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

2. The Date and Procedures of Authorization of Financial Statements

The parent company only financial statements were approved by the Board of Directors on March 17, 2023.

3. Application of New and Revised Standards and Interpretations

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

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

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

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

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

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

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

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

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

New/ Revised /Amended Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of liabilities as current or non- current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

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

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

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

When preparing the accompanying financial statements, the Company used equity method to account for its investment in subsidiaries, associates and joint ventures. In order for the amounts of the net profit, other comprehensive income and total equity in the parent company only financial statements to be the same with those amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to the captions of "investments accounted for using equity method", "share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method", "share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method" and related equity items, as appropriate, in the parent company only financial statements.

(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 Company 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) Foreign Currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (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.

(5) Inventories

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

(6) Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries. A subsidiary is an entity over which the Company has control.

Under the equity method, investments are initially recognized at cost; the carrying amount after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive income by the Company. Additionally, the change in the interests the Company holds in subsidiaries is recognized pro rata to the shareholding percentages.

When a change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are in substance a component of the Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its equity in the subsidiary.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries at the acquisition date is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries at the acquisition date over the acquisition cost is recorded as gain or loss for the period.

The Company assesses impairment based on the cash-generating units as a whole in the financial statements and compares their recoverable amounts with their carrying amounts. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The carrying amount of the reversal of impaired assets shall not exceed the carrying amount before recognition for impairment net of amortization. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Profits or losses from upstream and side-stream transactions with subsidiaries are recognized in the parent company only financial statements only to the extent that they are not related to the Company's equity interest in the subsidiary.

(7) Investments in associates and joint ventures

An associate is an entity over which the company 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 Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Company 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 Company's share of profit or loss and other comprehensive income of the associate and the joint venture. The Company also recognizes the changes in the Company's share of equity of associates and joint ventures.

Any excess of the cost of acquisition over the Company's share of 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 Company's share of 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 Company 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 Company's proportionate interest in the associate and the

joint venture. The Company 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 Company's ownership interest is reduced due to its additional subscription of the new shares of the associate and the joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint ventures 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 Company's share of losses in an associates or joint venture equals or exceeds its equity interest in the associates and the joint ventures (including the carrying amount of the associates or joint venture under the equity method and other long-term equity interests that are in substance a component of the Company's net investment in the associates and the joint ventures), the Company shall cease to recognize further losses. The Company recognizes additional losses and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of associates and joint ventures have been incurred.

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

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

(8) Property, plant and equipment

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

Depreciation 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.

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

(9) Intangible assets

A. Acquired separately

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

B. Derecognition

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

(10) Impairment of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and incremental costs of obtaining contracts

The Company assesses on each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) may have been impaired. If there is any indication of impairment, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. Shared assets are allocated to individual cash-generating units on a reasonably consistent basis.

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 of impairment.

The recoverable amount is the higher of the fair value less costs to sell and its value in use. When the recoverable amount of an individual asset or a cash-generating unit is less than its carrying amount,

the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have become if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(11) Financial instruments

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

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

A. Financial assets

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

a. Measurement category

The Company's financial assets are classified into the following categories:

financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

(a) Financial assets at FVTPL

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

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

Fair value is determined in the manner described in Note 24.

(b) Financial assets at amortized cost

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

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

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

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

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

(c) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable designate investments in equity instruments that is not held for trading as at FVTOCI.

Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b. Impairment of financial assets and contract assets

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

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

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

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

c. De-recognition of financial assets

The Company 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.

(12) Recognition of revenue

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

A. Sales revenue

Project contract revenue

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

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

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

Product sales revenue

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

B. Service revenue

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

(13) Leases

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

A. The Company as lessor

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

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

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

B. The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company 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 Company 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 parent company only balance sheets.

(14) Government Grants

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

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

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

(15) Employee Benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

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

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

(16) Income tax

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

A. Current tax

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

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

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

B. Deferred tax

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

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

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

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

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

from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax

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

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

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

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

Critical accounting judgments

Timing of recognition of revenue

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

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

6. Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 405	\$ 405
Checking accounts and demand deposits	220,787	319,792
Cash equivalents (investments with original maturities of less than 3 months)		
Commercial papers	<u>224,896</u>	<u>-</u>
	<u>\$ 446,088</u>	<u>\$ 320,197</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank demand deposits	0.46%	0.04%
Commercial papers with original maturities of less than 3 months	0.78%~0.80%	-

7. Financial assets at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss - non-derivative financial assets		
- Fund beneficial certificates	<u>\$ 19,505</u>	<u>\$ 235,009</u>

8. Financial assets at fair value through other comprehensive income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Investments in equity instruments - non-current</u>		

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Domestic investments		
Listed stocks	\$ 24,142	\$ 20,853
Unlisted stocks	<u>1,595</u>	<u>1,595</u>
	<u>\$ 25,737</u>	<u>\$ 22,448</u>

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

The Company purchased the common stocks of Turn Cloud Technology Service Inc. in January 2020, which was designated as investment at fair value through other comprehensive income because it was for the medium- to long-term strategic purpose. The company's common stocks will be available for trading on the Pioneer Stock Board of the Emerging Stock Market on November 26, 2021, and as regular Emerging Stock Market stocks starting February 15, 2022.

9. Financial assets at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Time deposits pledged	\$ 230,417	\$ 234,339
Bank time deposits with original maturities of more than 3 months	<u>62,794</u>	<u>59,330</u>
	<u>\$ 293,211</u>	<u>\$ 293,669</u>
Current	\$ 164,382	\$ 146,909
Non-current	<u>128,829</u>	<u>146,760</u>
Total	<u>\$ 293,211</u>	<u>\$ 293,669</u>

As of December 31, 2022 and 2021, the interest rate ranges for bank time deposits with original maturity over 3 months are 0.76%~1.40% and 0.54%~1.07% per annum.

For information on pledged financial assets at amortized cost, see Note 26.

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

10. Accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Measured at amortized cost</u>		
Accounts receivable	\$ 1,395,696	\$ 1,484,318
Less: Allowance for losses	(<u>769</u>)	(<u>769</u>)
	<u>\$ 1,394,927</u>	<u>\$ 1,483,549</u>

The average credit period for the Company's product sales is 60 to 120 days, and the accounts receivable are not interest-bearing.

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

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

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation, the Company

directly writes off the related accounts receivable but continues the collection activities, and the amount recovered from the collection is recognized in profit or loss.

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

December 31, 2022

	1~60 days	61~90 days	91~120 days	121 days or more	Total
Total carrying amount	\$ 1,155,380	\$ 149,060	\$ 19,356	\$ 71,900	\$ 1,395,696
Allowance for losses (expected credit losses over the duration of existence)	-	-	-	(769)	(769)
Amortized cost	\$ 1,155,380	\$ 149,060	\$ 19,356	\$ 71,131	\$ 1,394,927

December 31, 2021

	1~60 days	61~90 days	91~120 days	121 days or more	Total
Total carrying amount	\$ 1,371,897	\$ 70,202	\$ 25,539	\$ 16,680	\$ 1,484,318
Allowance for losses (expected credit losses over the duration of existence)	-	-	-	(769)	(769)
Amortized cost	\$ 1,371,897	\$ 70,202	\$ 25,539	\$ 15,911	\$ 1,483,549

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

	2022	2021
Balance at the beginning of the year	\$ 769	\$ 769
Impairment loss provided for the year	-	357
Write-off for the year	-	(357)
Balance at the end of the year	<u>\$ 769</u>	<u>\$ 769</u>

11. Inventories

	December 31, 2022	December 31, 2021
Merchandises	\$ 219,550	\$ 131,996
Project inventories	195,721	119,661
Inventories in transit	5,862	10,840
Maintenance materials	246	950
Total	<u>\$ 421,379</u>	<u>\$ 263,447</u>

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

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

The cost of goods sold related to inventories for the years 2022 and 2021 were \$3,280,653 thousand and \$3,325,713 thousand, respectively. The cost of goods sold included a loss on decline in value of inventories of \$167 thousand and a gain on reversal of value of inventories of \$8 thousand, respectively. The increase in net realizable value of inventories was due to the sale of inventories previously recorded as a loss on decline in value.

12. Investments accounted for using the equity method

	December 31, 2022	December 31, 2021
Investments in subsidiaries	\$ 203,541	\$ 197,567
Investments in associates	15,486	12,179
Investments in joint ventures	54,032	52,735
	<u>\$ 273,059</u>	<u>\$ 262,481</u>

(1) Investments in subsidiaries

	December 31, 2022	December 31, 2021
<u>Unlisted companies</u>		
Casemaker Inc.	\$ 98,578	\$ 92,775
SYSCOM INTERNATIONAL INC.	(71,381)	(32,082)
Wisemaker Technology Co.	58,256	57,741
Netmaker Technology Co., Ltd.	39,271	39,187
Coach Technology Management Inc.	4,331	4,688
Syscom Computer(Thailand)Co., Ltd.	<u>3,105</u>	<u>3,176</u>
	132,160	165,485
Add: Transfer of credit balance of long-term investments to other non-current liabilities	<u>71,381</u>	<u>32,082</u>
	<u>\$ 203,541</u>	<u>\$ 197,567</u>

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

Name of the subsidiary	Ownership interest and percentage of voting rights		
	December 31, 2022	December 31, 2021	Description
Casemaker Inc.	100.00%	100.00%	(1)
Wisemaker Technology Co.	98.72%	98.72%	(1)
SYSCOM INTERNATIONAL INC.	100.00%	100.00%	(1)
Netmaker Technology Co., Ltd.	86.60%	86.60%	(1)
Coach Technology Management Inc.	97.50%	97.50%	(1)
Syscom Computer(Thailand)Co., Ltd.	91.40%	91.40%	(1)

- A. The shares of profit or loss and other comprehensive income of subsidiaries under the equity method for the years 2022 and 2021 were recognized based on the financial statements of the subsidiaries' financial statements for the same periods audited by CPAs.
- B. The Company acquired 13 thousand shares of Netmaker Technology Co., Ltd. from a non-related party for NT\$128 thousand in February 2021, and the shareholding percentage was changed to 86.60% after the acquisition.
- C. The Company acquired 1 thousand shares of Wisemaker Technology Co. from a non-related party for NT\$22 thousand in October 2021, and the shareholding percentage was changed to 98.72% after the acquisition.

(2) Investments in associates

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

The Company accounts for all of the above associates by the equity method.

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

Name of the company	Ownership interest and percentage of voting rights	
	December 31, 2022	December 31, 2021
DBMaker Japan Inc.	49.89%	49.89%

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

	2022	2021
Share of the Company		
Net profit for the year	\$ 3,639	\$ 2,036
Other comprehensive income	(<u>332</u>)	(<u>1,647</u>)
Total comprehensive income	<u>\$ 3,307</u>	<u>\$ 389</u>

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

(3) Investments in joint ventures

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

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

	Ownership interest and percentage of voting rights	
Name of the company	December 31, 2022	December 31, 2021
Cloudmaster Co., Ltd.	50.00%	50.00%

The Company accounts for the above joint ventures by the equity method.

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

	2022	2021
Share of the Company		
Net profit for the year	\$ 1,394	\$ 1,182
Other comprehensive income	(<u>97</u>)	(<u>433</u>)
Total comprehensive income	<u>\$ 1,297</u>	<u>\$ 749</u>

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

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

For information on the nature of business, principal place of business and country of incorporation of the above associates and joint ventures, please refer to Exhibit 3 "Information on Investees".

13. Property, plant and equipment

	December 31, 2022	December 31, 2021
For the Company's use	\$ 304,533	\$ 314,174
Under operating lease	<u>23,812</u>	<u>29,262</u>
	<u>\$ 328,345</u>	<u>\$ 343,436</u>

(1) For the Company's use

	Land	Buildings	Maintenance equipment	Computer equipment	Leasehold improvements	Others	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 110,307	\$ 75,940	\$ 88,748	\$ 262,630	\$ 95,186	\$ 15,832	\$ 648,643
Addition	-	-	9,306	30,285	4,753	2,389	46,733
Disposal	-	-	(10,419)	(46,550)	-	(1,939)	(58,908)
Reclassification	-	-	2,481	272	-	-	2,753
December 31, 2022							
Balance	<u>\$ 110,307</u>	<u>\$ 75,940</u>	<u>\$ 90,116</u>	<u>\$ 246,637</u>	<u>\$ 99,939</u>	<u>\$ 16,282</u>	<u>\$ 639,221</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 36,381	\$ 53,260	\$ 152,423	\$ 85,094	\$ 7,311	\$ 334,469
Disposal	-	-	(10,419)	(46,550)	-	(1,892)	(58,861)
Depreciation expenses	-	1,289	12,929	32,684	9,854	2,351	59,107
Reclassification	-	-	(27)	-	-	-	(27)
December 31, 2022							
Balance	<u>\$ -</u>	<u>\$ 37,670</u>	<u>\$ 55,743</u>	<u>\$ 138,557</u>	<u>\$ 94,948</u>	<u>\$ 7,770</u>	<u>\$ 334,688</u>
December 31, 2022							
Net	<u>\$ 110,307</u>	<u>\$ 38,270</u>	<u>\$ 34,373</u>	<u>\$ 108,080</u>	<u>\$ 4,991</u>	<u>\$ 8,512</u>	<u>\$ 304,533</u>
<u>Cost</u>							
Balance at January 1, 2021	\$ 110,307	\$ 75,940	\$ 102,740	\$ 275,931	\$ 95,093	\$ 16,859	\$ 676,870
Addition	-	-	4,857	29,303	93	3,463	37,716
Disposal	-	-	(20,314)	(45,038)	-	(4,490)	(69,842)
Reclassification	-	-	1,465	2,434	-	-	3,899
December 31, 2021							
Balance	<u>\$ 110,307</u>	<u>\$ 75,940</u>	<u>\$ 88,748</u>	<u>\$ 262,630</u>	<u>\$ 95,186</u>	<u>\$ 15,832</u>	<u>\$ 648,643</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 35,092	\$ 60,234	\$ 164,044	\$ 75,940	\$ 9,346	\$ 344,656
Disposal	-	-	(20,314)	(45,038)	-	(4,252)	(69,604)
Depreciation expenses	-	1,289	13,465	33,450	9,154	2,217	59,575
Reclassification	-	-	(125)	(33)	-	-	(158)
December 31, 2021							
Balance	<u>\$ -</u>	<u>\$ 36,381</u>	<u>\$ 53,260</u>	<u>\$ 152,423</u>	<u>\$ 85,094</u>	<u>\$ 7,311</u>	<u>\$ 334,469</u>
December 31, 2021							
Net	<u>\$ 110,307</u>	<u>\$ 39,559</u>	<u>\$ 35,488</u>	<u>\$ 110,207</u>	<u>\$ 10,092</u>	<u>\$ 8,521</u>	<u>\$ 314,174</u>

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

Buildings	50 to 60 years
Maintenance equipment	6 years
Computer equipment	6 years
Leasehold improvements	1 to 10 years
Others	
- Office equipment	6 to 8 years
-Transportation equipment	5 years

Please refer to Note 26 for the amount of property, plant and equipment set as collateral for loans.

(2) Under operating lease

	<u>Machinery equipment</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 30,406
Reclassification	198
Balance at December 31, 2022	<u>\$ 30,604</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 1,144
Depreciation expenses	5,648
Balance at December 31, 2022	<u>\$ 6,792</u>
Net at December 31, 2022	<u>\$ 23,812</u>

Cost

Balance at January 1, 2021	\$ 1,834
Reclassification	<u>28,572</u>
Balance at December 31, 2021	<u>\$ 30,406</u>

Accumulated depreciation and impairment

Balance at January 1, 2021	\$ 131
Depreciation expenses	1,312
Reclassification	(<u>299</u>)
Balance at December 31, 2021	<u>\$ 1,144</u>
Net at December 31, 2021	<u>\$ 29,262</u>

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

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

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

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

14. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Buildings	<u>\$ 3,481</u>	<u>\$ 39,188</u>
Depreciation expenses of right-of-use assets		
Buildings	<u>\$ 36,582</u>	<u>\$ 36,255</u>

(2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	<u>\$ 2,069</u>	<u>\$ 38,560</u>
Non-current	<u>\$ 1,479</u>	<u>\$ 2,999</u>

The discount rate range for lease liabilities is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	1.20%~1.50%	1.20%~1.50%

(3) Important lease activities and terms

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

(4) Other lease information

The Company leases out its own property, plant and equipment as lessor under operating leases as described in Note 13.

	2022	2021
Short-term lease expenses	\$ 5,548	\$ 3,454
Total cash (outflow) from leases	(\$ 44,865)	(\$ 42,317)

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

15. Intangible assets

	Computer software costs
Net at January 1, 2022	\$ 592
Amortization expenses	(100)
Net at December 31, 2022	\$ 492
Net at January 1, 2021	\$ 957
Amortization expenses	(365)
Net at December 31, 2021	\$ 592

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

As of December 31, 2022 and 2021, the Company had assessed that there was no indication that computer software costs may have been impaired and therefore no impairment testing was performed.

16. Other payables

	December 31, 2022	December 31, 2021
Salaries and bonuses payable	\$ 270,900	\$ 228,988
Business taxes payable	25,582	58,490
Insurance premiums payable	17,740	16,467
Pension expenses payable	14,293	13,813
Profit-sharing remuneration payables for employees	9,600	8,450
Leave benefits payable	2,389	2,068
Others	25,620	21,465
	\$ 366,124	\$ 349,741

17. Retirement benefit plans

(1) Defined contribution plan

The pension system of the Company under the “Labor Pension Act” are a government-administered defined contribution pension plan, under which the Company is required to contribute 6% of employees' monthly salaries to their personal pension accounts with the Bureau of Labor Insurance.

(2) Defined benefits plan

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

The amounts of defined benefit plan included in the parent company only balance sheets are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefits obligations	\$ 202,589	\$ 220,060
Fair value of planned assets	(148,086)	(143,672)
Net defined benefits liabilities	<u>\$ 54,503</u>	<u>\$ 76,388</u>

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

	Present value of defined benefits obligations	Fair value of planned assets	Net defined benefits liabilities (assets)
Balance at January 1, 2021	<u>\$ 230,001</u>	(\$ 129,337)	<u>\$ 100,664</u>
Current service costs	273	-	273
Interest expense (income)	<u>666</u>	(<u>367</u>)	<u>299</u>
Recognized in profit or loss	<u>939</u>	(<u>367</u>)	<u>572</u>
Remeasurement			
Return on planned assets (other than the amounts included in net interest)	-	(1,919)	(1,919)
Actuarial loss - changes in demographic assumptions	4,321	-	4,321
Actuarial gain - changes in financial assumptions	(5,765)	-	(5,765)
Actuarial gain - adjustment through experiences	(<u>3,217</u>)	<u>-</u>	(<u>3,217</u>)
Recognized in other comprehensive income	(<u>4,661</u>)	(<u>1,919</u>)	(<u>6,580</u>)
Appropriated by the employer	<u>-</u>	(<u>18,268</u>)	(<u>18,268</u>)
Benefits payment	(<u>6,219</u>)	<u>6,219</u>	<u>-</u>
Balance at December 31, 2021	<u>220,060</u>	(<u>143,672</u>)	<u>76,388</u>
Current service costs	228	-	228
Interest expense (income)	<u>1,377</u>	(<u>887</u>)	<u>490</u>
Recognized in profit or loss	<u>1,608</u>	(<u>887</u>)	<u>718</u>
Remeasurement			
Return on planned assets (other than the amounts included in net interest)	-	(11,054)	(11,054)
Actuarial gain - changes in financial assumptions	(8,420)	-	(8,420)
Actuarial loss - adjustment through experiences	<u>2,239</u>	<u>-</u>	<u>2,239</u>
Recognized in other comprehensive income	(<u>6,181</u>)	(<u>11,054</u>)	(<u>17,235</u>)
Appropriated by the employer	<u>-</u>	(<u>5,368</u>)	(<u>5,368</u>)
Benefits payment	(<u>12,895</u>)	<u>12,895</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 202,589</u>	(<u>\$ 148,086</u>)	<u>\$ 54,503</u>

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

	2022	2021
Operating expenses	<u>\$ 718</u>	<u>\$ 572</u>

The Company is exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

- A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the Labor Pension Fund in domestic (and foreign) equity securities, debt securities and bank deposits through its own

operations and by entrusted 3rd parties, but the amount allocated to the Company's plan assets should not be less than the income at the interest rate of two-year time deposits in local banks.

- B. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
- C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.25%	0.65%
Expected salary increase rate	2.00%	2.00%

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	(\$ 3,352)	(\$ 3,980)
Decrease by 0.25%	<u>\$ 3,442</u>	<u>\$ 4,094</u>
Expected salary increase rate		
Increase by 0.25%	<u>\$ 3,408</u>	<u>\$ 4,029</u>
Decrease by 0.25%	(<u>\$ 3,336</u>)	(<u>\$ 3,938</u>)

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Amount expected to be appropriated within 1 year	<u>\$ 2,289</u>	<u>\$ 2,348</u>
Average duration to maturity of defined benefit obligation	6.71 Years	7.34 years

18. Equity

- (1) Share capital - ordinary shares

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

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

- (2) Capital surplus

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

- (3) Retained earnings and dividend policy

In accordance with the Company's Articles of Incorporation, if the Company made a profit in a fiscal year as concluded by the year-end accounting close, the profit shall be first used for paying taxes, making up for the cumulative losses, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for or reversing a special reserve in accordance with laws and regulations, and then any remaining profit, together with

any undistributed earnings, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution of bonuses to shareholders. For the distribution policy on profit-sharing remuneration for employees and directors, see Note 20 (7) on profit-sharing remuneration for employees and directors.

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

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

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

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

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

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

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

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

(4) Special reserve

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

(5) Other equity interests

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

	2022	2021
Balance at the beginning of the year	(\$ 20,350)	(\$ 15,110)
Translation differences of foreign operations	9,855	(4,805)
Share of subsidiaries, associates and joint ventures accounted for using the equity method	(97)	(435)
Balance at the end of the year	(\$ 10,592)	(\$ 20,350)

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

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

19. Revenue

	<u>2022</u>	<u>2021</u>
Sales revenue		
Project contract revenue and merchandise sales revenue	\$ 4,328,914	\$ 4,308,274
Service revenue	1,327,885	1,268,288
Rental revenue		
Equipment rental revenue	<u>17,880</u>	<u>1,514</u>
	<u>\$ 5,674,679</u>	<u>\$ 5,578,076</u>

(1) Description of customer contracts

Sales revenue

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

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

Service revenue

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

(2) Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable (Note 10)	<u>\$ 1,394,927</u>	<u>\$ 1,483,549</u>
Contract assets		
System integration services	\$ 478,405	\$ 325,665
Less: Allowance for losses	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 478,405</u>	<u>\$ 325,665</u>
Contract liabilities		
System integration services	<u>\$ 220,867</u>	<u>\$ 191,489</u>

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

20. Net profit for the period

(1) Interest income

	<u>2022</u>	<u>2021</u>
Bank deposits	<u>\$ 2,904</u>	<u>\$ 2,732</u>

(2) Other income

	<u>2022</u>	<u>2021</u>
Government grants income	\$ 39,070	\$ -
Marketing incentive income	10,563	3,926
Rental income	4,930	4,953
Others	<u>6,243</u>	<u>5,732</u>
	<u>\$ 60,806</u>	<u>\$ 14,611</u>

(3) Other gain and loss

	<u>2022</u>	<u>2021</u>
Gain on disposal of property, plant and equipment	\$ 382	\$ 481

	2022	2021
Net gain on financial assets at fair value through profit or loss	426	409
Net foreign currency exchange gain (loss)	1,707	(111)
Others	(<u>11,600</u>)	(<u>11,571</u>)
	(<u>\$ 9,085</u>)	(<u>\$ 10,792</u>)
(4) Finance costs		
	2022	2021
Interest on lease liabilities	\$ 311	\$ 874
Interest on bank loans	-	674
Others	<u>2</u>	<u>1</u>
	<u>\$ 313</u>	<u>\$ 1,549</u>
(5) Depreciation and amortization		
	2022	2021
Summary of depreciation expenses by function		
Operating costs	\$ 19,629	\$ 15,563
Operating expenses	<u>81,708</u>	<u>81,579</u>
	<u>\$ 101,337</u>	<u>\$ 97,142</u>
Summary of amortization expenses by function		
Operating expenses	<u>\$ 100</u>	<u>\$ 365</u>
(6) Employee benefits expenses		
	2022	2021
Short-term employee benefits		
Salary expenses	\$ 1,266,755	\$ 1,170,130
Labor and health insurance expenses	110,272	106,645
Other employment expenses	<u>46,741</u>	<u>47,271</u>
	<u>1,423,768</u>	<u>1,324,046</u>
Retirement benefits (Note 17)		
Defined contribution plan	55,739	53,766
Defined benefits plan	<u>718</u>	<u>572</u>
	<u>56,457</u>	<u>54,338</u>
Total	<u>\$ 1,480,225</u>	<u>\$ 1,378,384</u>
Summary by function		
Operating costs	\$ 582,220	\$ 523,233
Operating expenses	<u>898,005</u>	<u>855,151</u>
	<u>\$ 1,480,225</u>	<u>\$ 1,378,384</u>

(7) Profit-sharing remuneration for employees and directors

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

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

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

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

21. Income tax

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

	2022	2021
Current income tax		
Generated during the year	\$ 59,006	\$ 49,391
Adjustments for prior years	(2,023)	3,655
Deferred income tax		
Generated during the year	<u>1,939</u>	<u>3,311</u>
Income tax expense recognized in profit or loss	<u>\$ 58,922</u>	<u>\$ 56,357</u>

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

	2022	2021
Net profit before tax	<u>\$ 309,652</u>	<u>\$ 272,179</u>
Income tax expense at statutory rate on net profit before tax	\$ 61,930	\$ 54,436
Non-deductible expenses for tax purposes	1,512	1,414
Tax-exempt income	(1,031)	(1,996)
Investment tax credits used in the year	(9,428)	(6,199)
Unrecognized deductible temporary differences	7,962	5,047
Adjustments to prior years' current income tax expense recorded in the year	(<u>2,023</u>)	<u>3,655</u>
Income tax expense recognized in profit or loss	<u>\$ 58,922</u>	<u>\$ 56,357</u>

(2) Deferred income tax assets and liabilities

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

2022

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized loss on decline in value of inventories	\$ 1,523	(\$ 1,172)	\$ -	\$ 351
Defined benefits retirement plans	15,278	(930)	(3,447)	10,901
Others	<u>390</u>	<u>1</u>	<u>-</u>	<u>391</u>
	<u>\$ 17,191</u>	<u>(\$ 2,101)</u>	<u>(\$ 3,447)</u>	<u>\$ 11,643</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries and affiliates	(\$ 10,578)	\$ 162	\$ -	(\$ 10,416)

2021

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized loss on decline in value of inventories	\$ 1,525	(\$ 2)	\$ -	\$ 1,523
Defined benefits retirement plans	20,133	(3,539)	(1,316)	15,278
Others	<u>277</u>	<u>113</u>	<u>-</u>	<u>390</u>
	<u>\$ 21,935</u>	<u>(\$ 3,428)</u>	<u>(\$ 1,316)</u>	<u>\$ 17,191</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries and affiliates	(\$ 10,695)	\$ 117	\$ -	(\$ 10,578)

(3) Income tax expense recognized in other comprehensive income

	2022	2021
<u>Deferred income tax</u>		
Generated during the year		
- Remeasurement of defined benefit plans	<u>\$ 3,447</u>	<u>\$ 1,316</u>

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

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 335</u>	<u>\$ 335</u>

(5) Status of income tax assessment

The Company's income tax returns up to 2020 have been assessed by the tax authorities.

22. Earnings per share

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

Net profit for the year

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

Number of shares

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

Unit: Thousands of shares

If the Company may choose to have the employee compensation distributed via a stock or cash dividend, the calculation of the diluted earnings per share assumes that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the

potential common stock has a diluted effect. The dilutive effect of these potential common shares also continues to be considered in the calculation of diluted earnings per share before the number of shares awarded to employees in the following year's resolution.

23. Capital risk management

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

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

The Company is not subject to other external capital requirements.

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

24. Financial instruments

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

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

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

Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Fund beneficial certificates	\$ 19,505	\$ -	\$ -	\$ 19,505
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
- Domestic listed stocks	\$ 24,142	\$ -	\$ -	\$ 24,142
- Domestic unlisted stocks	-	-	1,595	1,595
	\$ 24,142	\$ -	\$ 1,595	\$ 25,737

December 31, 2021

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

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

(3) Type of financial instruments

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets mandatorily measured at fair value through profit or loss	\$ 19,505	\$ 235,009
Financial assets at amortized cost (Note 1)	2,141,628	2,106,991

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investments in equity instruments designated as at fair value through other comprehensive income	25,737	22,448

Financial liabilities

Measured at amortized cost (Note 2)	1,772,843	1,647,880
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Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, investments in debt instruments, notes receivable, accounts receivable, lease receivables, and other receivables.

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

(4) Financial risk management objectives and policies

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

A. Market risk

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

a. Exchanger rate risk

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

The carrying amounts of monetary assets and monetary liabilities that are not denominated in the functional currency as of the balance sheet date are disclosed in Note 28.

Sensitivity analysis

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

The following describes in details the sensitivity analysis of the Company when the exchange rate of NTD (functional currency) increases and decreases by 10% against the relevant foreign currencies. 10% is the sensitivity percentage used for the Company's internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only foreign currency monetary items in circulation and adjusts their translation at the end of the period by a 10% change in the exchange rate. When NTD appreciates 10% relative to the US dollar, net profit before tax in 2022 and 2021 will decrease by \$5,205 thousand and increase \$6,608 thousand respectively. If NTD depreciates by 10% against USD, the effect on net profit before tax will be the negative number for the same amount. The effect of the above exchange rate fluctuations mainly arises from foreign currency cash, and accounts payable of the Company that are outstanding at the balance sheet date and not covered by cash flow hedge.

b. Interest rate risk

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
With fair value interest rate risk		
- Financial assets	\$ 518,107	\$ 293,670
- Financial liabilities	3,548	41,558

	December 31, 2022	December 31, 2021
With cash flow interest rate risk		
- Financial assets	220,766	319,724

Sensitivity analysis

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

If the interest rate increases/decreases by 25 basis points, with all other variables held constant, the Company's net profit before tax for 2022 and 2021 would increase/decrease by \$552 thousand and \$799 thousand.

B. Credit risk

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

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

C. Liquidity risk

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

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

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

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

December 31, 2022

	Payment on demand or less than 1 month	1~3 months	3 months~1 year	1~5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ -	\$ 1,772,843	\$ -	\$ -	\$ -
Lease liabilities	175	350	1,576	1,495	-
Financial guarantee liabilities	-	-	495,391	-	-
Floating rate instruments	-	-	-	-	-
Fixed rate instruments	-	-	-	-	-
	<u>\$ 175</u>	<u>\$ 1,773,193</u>	<u>\$ 496,967</u>	<u>\$ 1,495</u>	<u>\$ -</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	<u>\$ 2,101</u>	<u>\$ 1,495</u>	<u>\$ -</u>

December 31, 2021

	Payment on demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest-bearing liabilities	\$ -	\$ 1,647,880	\$ -	\$ -	\$ -
Lease liabilities	3,239	6,477	29,147	3,020	22
Financial guarantee liabilities	-	-	397,716	-	-
Floating rate instruments	-	-	-	-	-
Fixed rate instruments	-	-	-	-	-
	<u>\$ 3,239</u>	<u>\$ 1,654,357</u>	<u>\$ 426,863</u>	<u>\$ 3,020</u>	<u>\$ 22</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	<u>\$ 38,863</u>	<u>\$ 3,020</u>	<u>\$ 22</u>

The amount of the above financial guarantee contract is the maximum amount that the Company may have to pay to fulfill its guarantee obligations if the holder of the financial guarantee contract claims the full amount of the guarantee from the guarantor. Based on the expectation at the balance sheet date, the Company believed that the possibility of paying the amount of the contract was not high.

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

b. Financing facilities

	December 31, 2022	December 31, 2021
<u>Secured bank financing facilities</u>		
- Amount drawn	\$ -	\$ -
- Amount undrawn	-	40,000
	<u>\$ -</u>	<u>\$ 40,000</u>
<u>Unsecured bank financing facilities (revisited annually)</u>		
- Amount drawn	\$ 418,077	\$ 340,375
- Amount undrawn	1,416,923	1,744,625
	<u>\$ 1,835,000</u>	<u>\$ 2,085,000</u>

25. Related Parties Transactions

In addition to those disclosed in other notes, the transactions between the Company and its related parties were as follows:

(1) Names of related parties and the relationships

Name of related party	Relationship with the Company
Furly Investment Co., Ltd.	Investor with material influence
Chuan Gao Investment Co., Ltd.	Investor with material influence
Welida Investment Co., Ltd.	Substantive related party
DBMaker Japan Inc.	Associates
Cloudmaster Co., Ltd.	Joint venture
Netmaker Technology Co., Ltd.	Subsidiaries
Casemaker Inc.	Subsidiaries
Wisemaker Technology Co.	Subsidiaries
Syscom Computer(Thailand)Co., Ltd.	Subsidiaries
Coach Technology Management Inc.	Subsidiaries
Syscom Computer(Shenzhen)Co., Ltd.	Subsidiaries
Xian Linan Computer Co., Ltd.	Subsidiaries

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

Type of related party	2022	2021
Subsidiaries	\$ 17,058	\$ 2,876
Associates	230	304
Joint venture	<u>113</u>	<u>467</u>
	<u>\$ 17,401</u>	<u>\$ 3,647</u>

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

Type of related party	2022	2021
Subsidiaries	\$ 61,543	\$ 61,122
Associates	9,580	1,640
Joint venture	<u>2,669</u>	<u>779</u>
	<u>\$ 73,792</u>	<u>\$ 63,541</u>

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

Account on the financial statements	Type of related party	December 31, 2022	December 31, 2021
Accounts receivable	Subsidiaries	\$ 15,075	\$ 1,430
	Associates	178	-
	Joint venture	<u>72</u>	<u>-</u>
		<u>\$ 15,325</u>	<u>\$ 1,430</u>

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

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

Account on the financial statements	Type of related party	December 31, 2022	December 31, 2021
Accounts payable	Subsidiaries	\$ 26,520	\$ 24,654
	Associates	2,151	-
	Joint venture	1,473	1,021
	Investor with material influence	<u>10</u>	<u>8</u>
		<u>\$ 30,154</u>	<u>\$ 25,683</u>

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

(6) Acquisition of property, plant and equipment

Type of related party	Acquisition price	
	2022	2021
Subsidiaries	\$ 87	\$ -
Associates	<u>7,660</u>	<u>7,104</u>
	<u>\$ 7,747</u>	<u>\$ 7,104</u>

(7) Lease agreement

Account on the financial statements	Name of related party	December 31, 2022	December 31, 2021
Lease liabilities	Chuan Gao Investment Co., Ltd.	\$ 1,037	\$ 22,842
	Furly Investment Co., Ltd.	<u>-</u>	<u>15,391</u>
		<u>\$ 1,037</u>	<u>\$ 38,233</u>

Name of related party	2022	2022
<u>Finance costs</u>		
Chuan Gao Investment Co., Ltd.	\$ 163	\$ 487
Furly Investment Co., Ltd.	<u>106</u>	<u>335</u>
	<u>\$ 269</u>	<u>\$ 822</u>

- (8) Endorsement and guarantee
Please refer to Exhibit 1 for information on the endorsement and guarantee between the Company and its related parties.

(9) Rental expenses
Account on the financial statements

	Name of related party	2022	2021
Operating expenses	Chuan Gao Investment Co., Ltd.	\$ 2,709	\$ 788
	Furly Investment Co., Ltd.	1,565	\$ 1,310
	Substantive related party	<u>72</u>	<u>72</u>
		<u>\$ 4,346</u>	<u>\$ 2,170</u>

(10) Rental income
Account on the financial statements

	Name of related party	2022	2021
Other income	Cloudmaster Co., Ltd.	\$ 1,685	\$ 1,457
	Wisemaker Technology Co.	1,479	1,410
	Netmaker Technology Co., Ltd.	484	801
	Coach Technology Management Inc.	<u>18</u>	<u>21</u>
		<u>\$ 3,666</u>	<u>\$ 3,689</u>

(11) Salaries for key management

	2022	2021
Short-term employee benefits	\$ 219,365	\$ 271,105
Retirement benefits	<u>12,024</u>	<u>11,169</u>
	<u>\$ 303,389</u>	<u>\$ 282,274</u>

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

26. Assets Pledged as Collateral

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

	December 31, 2022	December 31, 2021
Time deposits pledged (recorded as financial assets at amortized cost)	\$ 230,417	\$ 234,339
Property, plant and equipment - net	<u>-</u>	<u>74,597</u>
	<u>\$ 230,417</u>	<u>\$ 308,936</u>

27. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2022, the Company's guarantee notes payable for customer project contracts and letters of guarantee issued by banks amounted to \$140,264 thousand and \$418,077 thousand, respectively.

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

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

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary item</u>			
USD	\$ 2,783	30.71	\$ 85,455
JPY	921	0.2324	214
HKD	355	3.938	1,399
 <u>Non-monetary item</u>			
USD	3,210	30.71	98,578
JPY	66,636	0.2324	15,486
 <u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
USD	1,088	30.71	33,408
JPY	9,255	0.2324	2,151
 <u>Non-monetary item</u>			
USD	2,324	30.71	71,381

December 31, 2021

	Foreign currency	Exchange rate	Carrying amount
<u>Foreign currency assets</u>			
<u>Monetary item</u>			
USD	\$ 323	27.68	\$ 8,932
HKD	227	3.5490	807
 <u>Non-monetary item</u>			
USD	3,352	27.68	92,775
JPY	50,642	0.2405	12,179
 <u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
USD	2,710	27.68	75,014
RMB	8	4.3415	35
 <u>Non-monetary item</u>			
USD	1,159	27.68	32,082

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

	2022	2021
Foreign currency	Exchange rate	Exchange rate
USD	29.805(USD: NTD)	28.009 (USD: NTD)
	Net exchange (loss) gain	Net exchange (loss) gain
	\$ 1,707	(\$ 111)

29. Separately Disclosure Items

- (1) Information on significant transactions and (2) Information on investees:
- Lending of funds to others: None
 - Endorsement and guarantee for others. (Exhibit 1)
 - Marketable securities held at the end of the period (excluding investment in the equities of subsidiaries, affiliates and joint ventures). (Exhibit 2)

- D. The cumulative purchase or sale of the same security for an amount exceeding NT\$300 million or 20% of paid-in capital: None.
 - E. The acquisition of real estate for an amount exceeding NT\$300 million or 20% of paid-in capital: None.
 - F. The disposal of real estate for an amount exceeding NT\$300 million or 20% of paid-in capital: None
 - G. The purchase or sale with the related party for an amount exceeding NT\$100 million or 20% of paid-in capital: None
 - H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more. None.
 - I. Engagement in derivative transactions: None.
 - J. Information on investees (Exhibit 3)
- (3) Information on investments in Mainland China:
- A. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China. (Exhibit 4)
 - B. The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: None
 - a. Amount and percentage of purchases and related payables at the end of the period.
 - b. Amount and percentage of sales and related receivables at the end of the period.
 - c. Amount of property transaction and amount of the profit or loss so incurred.
 - d. Balance and purpose of endorsement and guarantee or collateral provided at end of the period.
 - e. Maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation.
 - f. Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.
- (4) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the ownership. (Exhibit 5)

SYSCOM COMPUTER ENGINEERING CO.
Endorsement and guarantee for others
2022

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

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

Note1: The balance of endorsement and guarantee at the end of the period includes \$18,426 thousand from Xian Linan Computer Co., Ltd., whose endorsement and guarantee duration has been approved to be extended in advance in accordance with the Company Rules Governing Endorsement and Guarantees.
Note2: Amounts in foreign currencies were translated into NTD at the exchange rate as of December 31, 2022.

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

Exhibit 2

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

Company held	Type and name of marketable securities	Relationship with the issuer of marketable securities	Account on the financial statements	End of the period				Remark
				Number of shares/units	Carrying amount	Shareholding percentage %	Fair value	
SYSCOM COMPUTER ENGINEERING CO.	<u>Beneficial certificates</u>							
	Yuanta Global Quality Leader Balanced Fund - NTD Class A No-Dividends/Interests	—	Financial assets at fair value through profit or loss - current	1,966	\$ 19,505	-	\$ 19,505	
	<u>Stocks</u>							
	Engsound Technical Enterprise Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	273	1,595	9.09	1,595	
	Turn Cloud Technology Service Inc.	—	Financial assets at fair value through other comprehensive income - non-current	195	22,650	1.00	22,650	
	Shin Kong Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	166	1,457	-	1,457	
Coach Technology Management Inc.	Dimension Computer Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	2	35	-	35	
	<u>Beneficial certificates</u>							
	Fuh Hwa Money Market Fund	—	Financial assets at fair value through profit or loss - current	31	451	-	451	

Note 1: Marketable securities referred to here are stocks, bonds, beneficiary certificates and marketable securities derived from the above items that fall within the scope of IFRS 9, "Financial Instruments".

Note 2: The above stocks or beneficiary certificates were not pledged as collateral.

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

Exhibit 3 (In Thousands of New Taiwan Dollars/Thousands of Shares)

Name of the investor company	Name of the investee	Location	Principal business	Original investment amount		Holding at the end of the period			Profit (loss) for the period of the investee (Note)	Investment income (loss) recognized in the period	Remark
				End of the period	End of last year	Number of shares	Share-holding %	Carrying amount			
SYSCOM COMPUTER ENGINEERING CO.	Coach Technology Management Inc.	Taipei City	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.	\$ 19,200	\$ 19,200	1,950	97.50	\$ 4,331	(\$ 368)	(\$ 359)	Subsidiaries
	Casemaker Inc.	California, U.S.A.	Sales of computer software, hardware and related products.	USD 1,300	USD 1,300	1,300	100.00	98,578	(4,448)	(4,448)	Subsidiaries
	SYSCOM INTERNATIONAL INC.	Cayman Islands	Investments in other businesses	USD 6,050	USD 6,050	6,050	100.00	(71,381)	(39,020)	(39,020)	Subsidiaries
	Netmaker Technology Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	18,763	18,635	2,858	86.60	39,271	(174)	(151)	Subsidiaries
	Wisemaker Technology Co.	Taipei City	Sales of computer software, hardware and related products.	41,697	41,675	2,665	98.72	58,256	2,909	2,871	Subsidiaries
	DBMaker Japan, Inc.	Tokyo, Japan	Development and sales of computer system software and hardware	JPY 53,260	JPY 53,260	5	49.89	15,486	7,294	3,639	Investee accounted for using the equity method
	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 33,014	THB 33,014	3,400	91.40	3,105	(311)	(284)	Subsidiaries
	Cloudmaster Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	65,000	65,000	6,500	50.00	54,032	2,789	1,394	Investee accounted for using the equity method
Coach Technology Management Inc.	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 200	THB 200	20	0.54	18	(311)	Not applicable	Subsidiary

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

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

Exhibit 4 (In Thousands of New Taiwan Dollars/Foreign Currency)

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

Cumulative amount of investment remitted from Taiwan to Mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Limit on investments in Mainland China imposed by the Investment Commission of the Ministry of Economic Affairs (Note 3)
\$ 174,678 (USD 5,688)	\$ 174,678 (USD 5,688) (Note 1(2))	\$ 1,229,907
	13,396 (USD 436) (Note 1(1))	

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

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

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

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

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

Exhibit 5

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

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

- VI. If the Company or its affiliates have experienced financial difficulties in the most recent year or during the current year up to the date of publication of the Annual Report, their effects on the Company's financial position should be stated: None.

Seven. Review and analysis of financial position and financial performance and risks

I. Financial Status

The annual report shall list the main reasons for any material change in the Company's assets, liabilities, or equity during the past 2 fiscal years, and describe the effect thereof. Where the effect is of material significance, the annual report shall describe the measures to be taken in response

Unit: Thousands of NTD

Item \ Year	2022	2021	Increase(decrease) amount	change Proportion (%)
Current Assets	3,764,749	3,502,741	262,008	7
Property, Plant and Equipment	357,328	370,818	(13,490)	(4)
Intangible Assets	2,410	2,743	(333)	(12)
Other Assets	310,453	358,027	(47,574)	(13)
Total Assets	4,434,940	4,234,329	200,611	5
Current Liabilities	2,284,257	2,136,747	147,510	7
Noncurrent Liabilities	95,870	122,825	(26,955)	(22)
Total Liabilities	2,380,127	2,259,572	120,555	5
Capital Stock	1,000,000	1,000,000	0	0
Capital Surplus	1,547	1,547	0	0
Retained Earnings	1,044,551	969,490	75,061	8
Other Equity	3,747	(6,921)	10,668	154
Non-Controlling Interest	4,968	10,641	(5,673)	(53)
Total Stockholders' Equity	2,054,813	1,974,757	80,056	4
<p>1. Analysis of change in percentage:</p> <p>(1)The decrease in non-current liabilities: Mainly due to the amortization of lease liabilities over time.</p> <p>(2)The increase in other equity: Mainly due to the increase in exchange differences on translation of financial statements of foreign operations.</p> <p>2. Future countermeasures: None.</p>				

II. financial performance

(I) Analysis of financial performance

Unit: Thousands of NTD

Year Item	2022	2021	Increase (decrease) amount	change Proportion (%)
Net operating revenue	5,950,524	5,869,595	80,929	1
Operating costs	4,432,024	4,445,332	(13,308)	0
Gross profit	1,518,500	1,424,263	94,237	7
Operating expenses	1,254,095	1,169,437	84,658	7
Profit from operations	264,405	254,826	9,579	4
non-operating income and expenses	40,251	17,031	23,220	136
Profit before income tax	304,656	271,857	32,799	12
Income tax	59,711	56,880	2,831	5
Net profit	244,945	214,977	29,968	14
Other comprehensive income for the year, net of income tax	25,146	15,297	9,849	64
Total comprehensive income	270,091	230,274	39,817	17
Net profit attributable to Owners Of the Company	250,730	215,822	34,908	16
Total comprehensive income attributable to Owners Of the Company	275,729	231,189	44,540	19
<p>1. Analysis of change in percentage :</p> <p>(1) The increase in non-operating income and expense: Mainly due to the increase in government grants in 2022.</p> <p>2. Reasons for the change in the Company's main business: None.</p> <p>3. Analysis of sales for 2022: Please refer to the Market, production and sales overview of Operations overview in this Annual Report.</p>				

(II) Analysis of change in operating gross profit: No material change.

III. Analysis of Cash Flow

Unit: Thousands of NTD

Balance of cash at start of term	Net cash flow from business activities throughout the year	Net cash flow activities throughout the year	Balance of cash (shortage)	Remedies for shortage in cash	
				Investment plan	Wealth management plan
468,100	212,024	(79,183)	600,941	-	-
<p>1. Analysis of change in cash flows for the year:</p> <p>(1) Operating activities: The net cash inflows from operating activities were \$212,024 thousand, mainly due to the increase in net profit for the period.</p> <p>(2) Investing activities: The net cash inflows from investing activities were \$114,214 thousand, mainly due to the disposal of financial assets at fair value through profit or loss.</p> <p>(3) Financing activities: Net cash outflows from financing activities were \$203,637 thousand, mainly due to the payment of dividends. .</p> <p>2. Remedies for cash shortage and liquidity analysis: Not applicable</p> <p>3. Liquidity analysis for the coming year:</p> <p>The Company expects to generate positive cash flows from operating activities in the coming year, and the cash outflows are expected to be mainly from the payment of cash dividends.</p> <p>Cash balance at the beginning of the year: \$600,941 thousand</p> <p>Estimated net cash inflows from operating activities for the whole year: \$258,986 thousand</p> <p>Estimated cash outflows for the whole year: \$294,180 thousand</p> <p>Estimated cash surplus (shortage): \$565,747 thousand</p>					

IV. Major Capital Expenditure Items and Source of Capital: None.

V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year

In terms of the Company's policy on investments in other businesses, in addition to strategic investments, the focus is to expand its markets or to establish value chain integration relationships to strengthen corporate value.

The decrease in profit or loss of the Company's investees in 2022 compared to 2021 was mainly due to the impact of the local pandemic control measures, the increasing complexity of the U.S.-China competition and the slowdown of the global economy, which resulted in lower than expected order booking. The Company will continue to implement its production and marketing strategy and expense and cost control plan as follows:

1. Continue to strengthen the control and management of each reinvestment company and adjust the manpower allocation in a timely manner.
2. Strengthen customer visits and enhance customer relationships in order to grasp customer needs.
3. Evaluate the markets of each investee, strengthen the products and services of each company, and explore other markets in a timely manner.
4. Continue to supervise investees to actively promote the revision of production and marketing strategies in accordance with market demands

Investment plans for the coming year: None.

VI. Analysis of Risk Management

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures.

1. Effect on the Company's profit and loss: None:

Item	2022 (Thousands of NTD , %)
Net interest income and expense	(3,783)
Net exchange gain or loss	(10,297)
Net interest income and expense as a percentage of net revenue	(0.06%)
Net interest income and expense as a percentage of net profit before tax	(1.24%)
Net exchange gain or loss as a percentage of net revenue	(0.17%)
Net exchange gain or loss as a percentage of net profit before tax	(3.38%)

(1) Change in interest rate

The Company's financial assets and financial liabilities exposed to cash flow risk arising from change in interest rate amounted to \$293,368 thousand and \$15,422 thousand, respectively, at the end of 2022. The Company's short-term borrowings are fixed-rate debts, so there was no cash flow risk arising from change in market interest rate.

(2) Change in exchange rate

Although the Company has foreign currency denominated cash flows for import and export operations, the impact of change in exchange rate on costs and revenues is not material.

(3) Inflation

The average consumer price index in Taiwan increased at an annual rate of approximately 2.95% in 2022. The Company keeps an eye on the fluctuation of market prices and maintains good interaction with suppliers and customers, and there has been no material impact due to inflation in recent years.

2. Future countermeasures:

(1) Countermeasures for change in interest rate

A. The Company does not have a large amount of long-term capital shortage. In addition to the preferential interest rate that the Company has obtained from banks, the Company also evaluates the reasonableness of the borrowing rate from banks from time to time in order to actively obtain preferential borrowing rate.

B. The Company uses its idle funds to make short-term investments to reduce interest rate losses and increase non-operating profit in response to possible increases in interest rates.

(2) Countermeasures for change in exchange rate

In response to exchange rate fluctuations, the Company collects foreign exchange information to keep abreast of exchange rate trends and consults with banks for professional advice, and adopts the principle of exchange rate diversification to reduce the impact of foreign currency exchange rate fluctuations on operating profit or loss.

(3) Inflation

The Company keeps an eye on the fluctuation of market prices, adjusts its import and export prices in accordance with the market fluctuations, and maintains good interaction with suppliers and customers, and there has been no material impact due to inflation in recent years.

(II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions. :

1. The Company did not engage in any high-risk, high-leverage investments, lending funds others in the most recent year.
2. The Company has established the "Procedures for Engagement in Derivative Transactions" to regulate the risk management system of derivative transactions and did not engage in investments in derivative instruments in the most recent year and the current year up to the date of publication of the Annual Report.
3. In the most recent year, the Company provided financing endorsements and guarantees in the amount of \$85,000 thousand for the subsidiary, Netmaker Technology Co., Ltd., \$15,000 thousand for the subsidiary, Coach Technology Management Inc., \$334,739 thousand for the sub-subsidiary, Syscom Computer(Shenzhen)Co., Ltd., and \$60,652 thousands for the sub-subsidiary, Xian Linan Computer Co., Ltd.. Handled in accordance with the "Endorsement and Guarantee Regulations"

established by the Company.

(III)Future R&D plans and estimated R&D expenses to be invested in

1.Future R&D plans and estimated R&D expenses to be invested in

Unit: Thousands of NTD

Name of future R&D projects	Estimated further investment in R&D expenses
Opus One IP Continuous Configuration Management Platform (Version 1.5.4)	500
Opus One IP Continuous Configuration Management Platform (Version 1.5.5)	5,000
Hyper Automation Scanning Task Framework	5,000

2.R&D investment plan and progress:

Name of R&D projects	Current progress	Contents of the plan	Estimated completion time
Opus One IP Continuous Configuration Management Platform (Version 1.5.4)	60%	<p>Add/Improve the following as the Opus One features for high capacity and intelligent management have been added to achieve the goal of supporting automated data center continuous configuration management:</p> <ul style="list-style-type: none"> ● Conduct research and design of common modules and microservices to reduce the cost of other continuous configuration management software or project customization development, making Opus One more flexible in its ability to support various types of projects and enhancing investment efficiency. ● Continue to add Agent Plug-In scripts for various types of device management to expand the management capacity and enhance the ability to support IT continuous configuration management in data centers. <p>Conduct research and design for configuration correlation database CMDB module to provide network management information and personnel, event and service, and event impact analysis functions, and provide event management functions.</p>	2023/06
Opus One IP Continuous Configuration Management Platform (Version 1.5.5)	2%	<p>Add/Upgrade the following continuous configuration management module for Opus One to provide intelligent and automatic management functions such as automatic assignment, tracking and auditing of continuous configuration events in data center networks and systems. configuration work and product competitiveness.</p> <ul style="list-style-type: none"> ● Conduct research on continuous configuration job service module to design dynamic job Form Flow and interface for receiving automatic and 	2024/08

		manual job input. ● Conduct research and design of integrated Opus One event access and response interface. ● Conduct research and design for the integration of CMDB's network, system, and personnel configuration data to assist in automatic problem and job correlation functions. ● Conduct research and design for work tracking management.	
Hyper Automation Scanning Task Framework	8%	"Hyper Automation Scanning Task Framework" is a reusable Hyper Automation Scanning Task Framework that can effectively reduce the use of scanning OP manpower and shorten the scanning time. Whether it is for information security reasons, an information security inspection tool is used to scan all files in a project. Or to reduce legal risks, use scanning software is used to scan all free and open source software for all files of the project, all of which the following common features: scanning application, file uploading account setting, notification of encryption and uploading method, automatic downloading, automatic decompression, automatic scanning and sending of scanning reports, etc. All the above operations are included in this framework.	2023/12

(IV)Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales : None.

(V)Effects of and Response to Changes in Technology(including Information security risk) and the Industry Relating to Corporate Finance and Sales :

The Company continues to pay attention to market changes and related technology development trends, actively grasp market opportunities, and strive to develop new products and new customer sources to enhance the company's long-term competitiveness.

The Company has long been committed to the control of information security and personal data protection, and has established a multi-layered security control and protection network and implemented a strict information security and joint prevention mechanism;

During the current year up to the date of publication of the Annual Report, no changes in technology (including information security risks) and the industry have affected the Company's financial and business matters.

(VI)The Impact in Corporate Image on Corporate Risk Management, and the Company's Response Measures : None.

(VII)Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans : None.

(VIII)Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

(IX)Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None.

(X)Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors,or Shareholders with Shareholdings of over 10%: None.

(XI)Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

(XII)Litigation or Non-litigation Matters: None.

(XIII)Other Major Risks and countermeasures:

Risk management policy and organizational structure:

1. Risk management policy:

- (1) Risk management is the guiding principle.
- (2) Establish a risk management mechanism with early assessment and measurement, effective monitoring and strict control.
- (3) Strive to control risks within acceptable or controlled limits.
- (4) All employees are aware of risks and continuously carry out risk control in the execution of their businesses.

2. Risk management organizational structure:

(1) Board of Directors

The Board of Directors of the Company is the highest unit of risk management and shall approve the risk management policy and structure, and is responsible for approving, reviewing, and monitoring the Company's risk management policy to ensure the effectiveness of risk management.

(2) Risk Management Group

The Risk Management Group is the responsible unit for executing risk management and is responsible for the monitoring, measurement and evaluation of the company's risk at the execution level. The Risk Management Group is directly under the President and reports its operation to the Board of Directors at least once a year.

The risk management of each operation of the Company is divided among relevant units according to the nature of their businesses, and the main risk management units of each operation are described as follows.

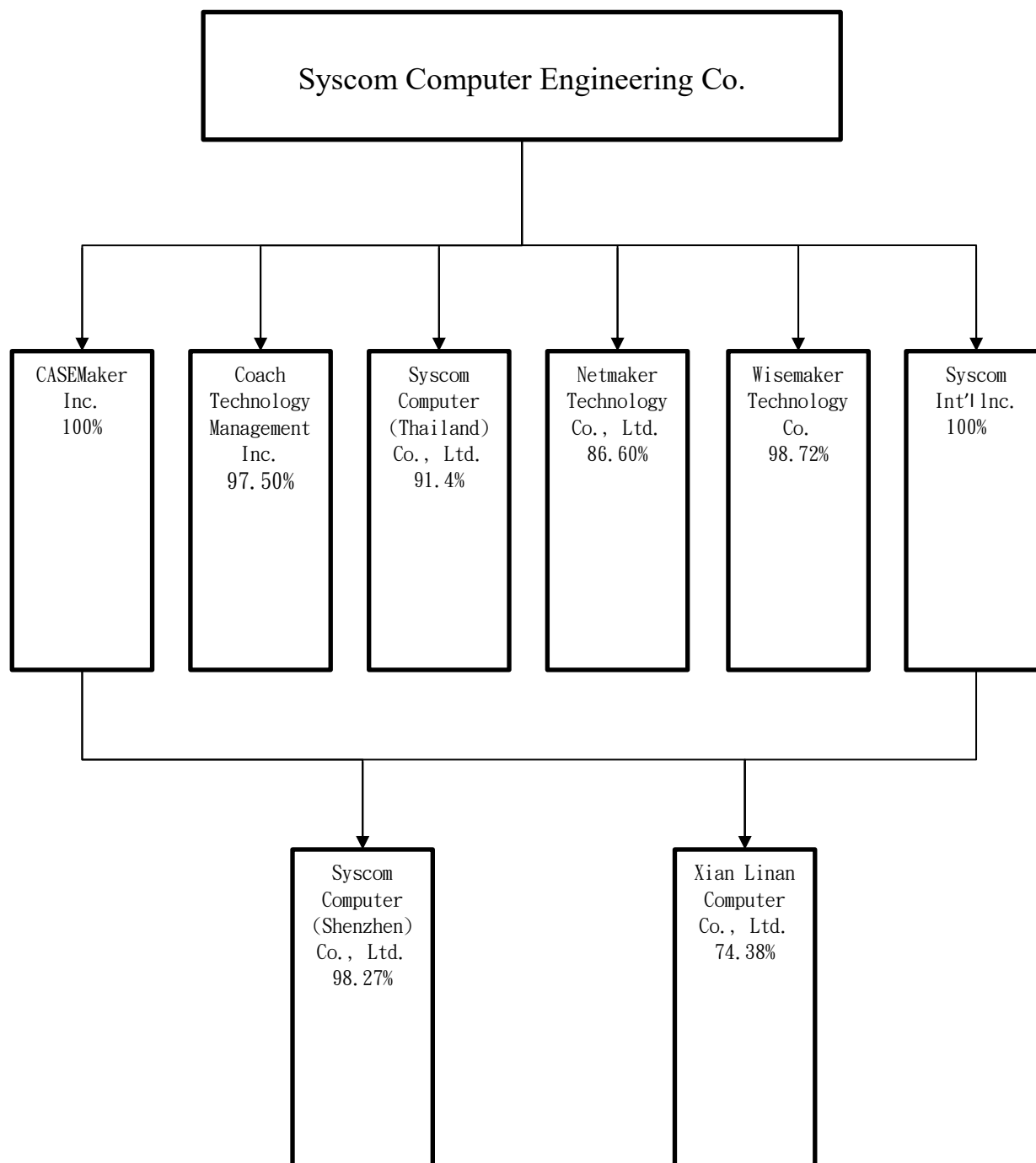
Responsible unit	Responsibilities
Marketing Division	Responsible for developing the company's marketing strategy, product strategy, product pricing, market information collection and establishment, etc. to reduce strategic risks and business operation risks.
Administration and Planning Division	Responsible for human resources management, asset security management, promotion of corporate social responsibility and ethical corporate management (including the formulation of related policies, systems and related risk assessment) to reduce related risk losses.
Finance Division	Responsible for financial capital deployment and utilization, and timely use of hedging mechanisms to reduce financial risks in response to changes in exchange rates and interest rates.
Computer Center	Responsible for information security control and protection measures to reduce information security risks.
Audit Office	Responsible for auditing the implementation of internal control systems for business, finance and operations of each unit to strengthen the function of internal control system.
Each execution unit	Responsible for analyzing and monitoring the management of business risks in their respective units to ensure effective implementation of risk control mechanisms and procedures.

VII.Other material matters: None.

Eight. Special matters

I. Information about the Company's Affiliates

(I) Organization chart (December 31, 2022)



(II) Basic data of affiliates(December 31,2022)

Name	Date	Address	Paid-in capital	Main business
CASEMaker Inc.	Sep.17,1991	1680 CIVIC CENTER DRIVE SANTA CLARA ,CA 95050 U.S.A	USD 1,300 thousand	Sales of computer software, hardware and related products.
Coach Technology Management Inc.	Sep.15,1992	2F.,No. 24, Kangding Rd., Wanhua Dist., Taipei City 108 , Taiwan (R.O.C.)	NTD 20,000 thousand	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.
Syscom Computer (Thailand) Co., Ltd.	Apr.22,1998	Thaniya Plaza Building, Room A, 14th Floor, 52 Silom Road, Suriyawong, Bangrak, Bangkok 10500	THB 37,200 thousand	Development and maintenance of software and other businesses.
Netmaker Technology Co., Ltd.	July 1,2000	2F.,No. 24, Kangding Rd., Wanhua Dist., Taipei City 108 , Taiwan (R.O.C.)	NTD 33,000 thousand	Information software, data processing and electronic information supply services.
Wisemaker Technology Co.	July24,2001	3F.-1,No.115,Emei St., Wanhua Dist., Taipei City 108, Taiwan (R.O.C.)	NTD 27,000 thousand	Sales of computer software, hardware and related products.
Syscom International Inc.	Mar.7,2002	Scotia Centre,4 th Floor, P.O.Box2804,George Town,Grand Cayman, Cayman Islands.	USD 6,050 thousand	Investments in other businesses.
Syscom Computer (Shenzhen) Co., Ltd.	May 2,1995	Unit A,44 / F, Times Fortune Building, No.88,Fuhua Rd.3., CBD,Shenzhen, Guangdong P.R.C.	USD 4,500 thousand	Computer equipment software development, sales of self-developed technical achievements services, computer system integration and network wiring engineering.
Xian Linan Computer Co., Ltd.	May 27,1997	4# BUILD 3F HUOJU ROAD.XI'AN,CHINA	USD 2,300 thousand	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.

(III) Information of Director, Supervisor and President in each affiliated company (December 31, 2022)

Affiliate	Title	Name of Representative	Unit: Share; %	
			Shareholding	
			Shares	Shares%
CASEMaker Inc.	President	Syscom Computer Engineering Co. (Representative: Jui-Long Liu)	1,300,000	100%
	Director	Syscom Computer Engineering Co. (Representative: Jui-Fu Liu)		
	Director	Syscom Computer Engineering Co. (Representative: Ann Wang)		
Coach Technology Management Inc.	Chairman	Syscom Computer Engineering Co. (Representative: Chien-Kuo Chen)	1,949,994	97.50%
	Director	Syscom Computer Engineering Co. (Representative: Chih-Chung Chen)		
	Director	Wan-Tan Lin	10,000	0.50%
	Supervisor	Cheng-Ling Pan	15,000	0.75%
Syscom Computer (Thailand) Co., Ltd.	Director	Chung-Chih Hwang	50,000	1.34%
	Director	Jing-Shiang Hsu	25,000	0.67%
Netmaker Technology Co., Ltd.	Chairman	Chi-Ching, Hsu	115,500	3.50%
	Director	Syscom Computer Engineering Co. (Representative: Tsai-Chi Sung)	2,857,800	86.60%
	Director	Syscom Computer Engineering Co. (Representative: Ching-Tzu Shih)		
	Supervisor	Chao-Yi Wu	16,500	0.50%
Wisemaker Technology Co.	Chairman	Chao-Ying Tang	14,700	0.54%
	Director	Syscom Computer Engineering Co. (Representative: Wan-Tan Lin)	2,665,350	98.72%
	Director	Syscom Computer Engineering Co. (Representative: Cheng-Wu Shao)		
	Supervisor	Jia-Chang Chang	0	0%
Syscom International Inc.	Director	Syscom Computer Engineering Co. (Representative: Kun-Ting Chiu)	6,050,000	100%
Syscom Computer (Shenzhen) Co., Ltd.	Director	Syscom International Inc. (Representative: Shih-Chieh Chen)	-	92.67%
	Director	Syscom International Inc. (Representative: Tsan-Chang Li)		
	Director	CASEMaker Inc. (Representative: Tzu-Hsiang Liao)	-	5.60%
	Supervisor	Yu-Kang Tseng	-	0%
Xian Linan Computer Co. Ltd.	Director	Syscom International Inc. (Representative: Tsan-Chang Li)	-	66.00%
	Director	Syscom International Inc. (Representative: Chia-Hsuan Chung)		
	Director	CASEMaker Inc. (Representative: Tzu-Hsiang Liao)	-	8.38%

(IV) Overview of the operations of the affiliates(December 31,2022)

Unit: Thousands of NTD/ Foreign currency

Affiliate	Capital	Total assets	Total liabilities	Total equity	Operating revenue	Operating profit	Net profit	EPS (NT\$) (after tax)
CASEMaker Inc.	USD 1,300	105,896	7,318	98,578	7,604	(4,517)	(4,448)	(3.42)
Coach Technology Management Inc.	20,000	5,606	1,772	3,834	6,381	(360)	(368)	(0.18)
Syscom Computer (Thailand)Co., Ltd.	THB 37,200	5,488	2,091	3,397	3,240	(310)	(311)	(0.08)
Netmaker Technology Co., Ltd.	33,000	123,053	77,706	45,347	157,622	2,188	(174)	(0.05)
Wisemaker Technology Co.	27,000	69,907	10,894	59,013	45,410	3,334	2,909	1.08
Syscom International Inc.	USD 6,050	(71,381)	0	(71,381)	0	0	(39,020)	(6.45)
Syscom Computer (Shenzhen) Co., Ltd.	USD 4,500	98,986	173,396	(74,410)	107,320	(10,293)	(27,402)	-
Xian Linan Computer Co. Ltd.	USD 2,300	26,664	30,357	(3,693)	32,956	(20,171)	(20,648)	-

Note: If the affiliated company is a foreign company,the relevant amount are converted into NT dollars based on the exchange rate on the reporting date.

(V) Consolidated financial statements of affiliated companies : Please refer to Page.125

II. Private Placement Securities in the Most Recent Years : None

III.Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

IV.Other supplementary information : None.

V.Any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

SYSCOM COMPUTER ENGINEERING CO.

Chairman Jui-Fu Liu