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SYSCOM COMPUTER ENGINEERING CO.

2023 Annual Report

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

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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>

Table of Contents

	Page
One. Letter to Shareholders.....	1
Two. Company Profile	5
I. Date of Establishment	5
II. Company History	5
Three. Corporate Governance Report	11
I. Organizational System	11
II. Information on Directors, President, vice president, assistant VP, heads of departments and branches.....	14
III. Remuneration paid to directors (including independent directors), president and vice president for the most recent fiscal year	29
IV. Operations of corporate governance	38
V. Information on CPA professional fees	81
VI. Information on Replacement of CPAs	82
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 .	82
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.....	82
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	86
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.....	87
Four. Fund raising.....	88
I. Capital and stock	88
II. Issuance of Issuance of Corporate Bonds	91
III. Issuance of preferred shares.....	91
IV. Issuance of Global Depositary Receipts	91
V. Employee Share Subscription Warrants.....	91
VI. New Restricted Employee Shares	91
VII. Issuance of new shares in connection with mergers or acquisitions of shares of other companies	91
VIII. Capital utilization plan and implementation status.....	91
Five. Operations overview	93
I. Business activities	93
II. Market, production and sales overview	106
III. Information on employees	112
IV. Information on environmental protection expenditures	112

V.	Labor relations	112
VI.	Cyber security management.....	115
VII.	Important contracts	117
Six.	Financial position.....	118
I.	Condensed Balance Sheets and Statements of Comprehensive Income for the most recent 5 years.....	118
II.	Financial analysis for the most recent 5 years	122
III.	Audit Committee’s review reports on the financial statements for the most recent year	126
IV.	Financial statements for the most recent year.....	127
V.	Parent company only financial statements for the most recent years audited and attested by CPAs.....	178
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.....	225
Seven.	Review and analysis of financial position and financial performance and risks	226
I.	Financial Status	226
II.	financial performance	227
III.	Analysis of Cash Flow	228
IV.	Major Capital Expenditure Items and Source of Capital.....	228
V.	Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year	228
VI.	Analysis of Risk Management.....	229
VII.	Other material matters.....	232
Eight.	Special matters.....	233
I.	Information about the Company’s Affiliates	233
II.	Private Placement Securities in the Most Recent Years	236
III.	Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years.....	236
IV.	Other supplementary information.	236
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	236

One. Letter to Shareholders

Dear shareholders:

The rise of generative AI applications in 2023 has created business opportunities in the related supply chain and applied services, and it has further demonstrated the huge influence of AI technology development in driving industrial transformation and even reshaping industrial structure; the government's digital policies create new economic model as the development direction to help industries upgrade and solve social problems. Many industries in Taiwan are actively introducing related technologies and applications, thereby driving business opportunities in the information service industry. With the joint efforts of all employees, Syscom fulfilled the goals set by the Company and continued to integrate cutting-edge technologies. With its core software and hardware products, innovative R&D technologies, and professional services, the Company successfully assisted in the upgrading and transformation of the industry, boosting its 2023 revenue and profit to record highs in recent years.

An overview of our operations for 2023 and the outlook for 2024 are hereby reported:

I. 2023 Business Report

1. Business plan implementation results:

The Company's consolidated net operating revenues for 2023 were NT\$ 6,383,820 thousand, up 7.28% over 2022, and consolidated net profit after tax was NT\$ 276,638 thousand, up 12.94% over 2022.

2. 2023 budget implementation status:

The Company did not prepare and announce the financial forecast for 2023, and the consolidated profit or loss for 2023 is hereby presented as follows:

Unit: Thousands of NTD

Item	Actual amount
Net operating revenue	6,383,820
Operating costs	4,722,942
Gross profit	1,660,878
Operating expenses	1,375,419
Operating profit	285,459
Non-operating income and expenses	44,048
Net profit before tax	329,507
Net profit for the year (after tax)	276,638

3. Analysis of financial receipts and expenditures and profitability for 2023:

Unit: Thousands of NTD

Item	2023	2022
Net operating revenue	6,383,820	5,950,524
Profit or loss after tax	276,638	244,945
Return on assets (%)	6.26	5.80
Return on shareholders' equity (%)	13.26	12.16
Net profit before tax as a percentage of paid-in capital (%)	32.95	30.47
Net profit margin (after tax)	4.33	4.12
Earnings per share (NTD)	2.78	2.51

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
- 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
- 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
- Big data database multi-level dynamic column R&D project
- Java Database Connectivity Native Protocol Driver Interface R&D Project
- Hyper Automation Scanning Task Framework(Hyper Automation Scanning Task Framework)

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

- Secure Terminal Emulator – DRSE
- Intelligent service robot - AYUDA
- DBMaker Docker Image
- Shopping mall service robots
- Anti-pandemic service robots
- OMFLOW Continuous Configuration Automation module
- Opus One IP Continuous Configuration Management Platform (Version 1.5.5 and 1.5.6)

II. Outline of 2023 Business Plan

1. Management Policy:

- (1) Unleash the power of systems to create a high-quality customer service experience.
- (2) Master advanced technologies and accelerate the integration of industrial applications for swift deployment.
- (3) Enhance the functionality of our proprietary products and broaden their application domains.
- (4) Strengthen international collaboration and expand our overseas markets with soft power.
- (5) Drive the Company's digital sustainability through generative AI in a dual-axis transformation.

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) Innovate with generative AI, 5G, cloud services, and information security technologies.
- (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

In response to geopolitical risks and compliance requirements, the Company continues to invest in IT services to improve operational efficiency, and is planning global operations to build a resilient enterprise. Emerging digital technologies such as cloud computing, big data, IoT, AI, and blockchain have the dual effect of assisting enterprises' digital transformation and accelerating ESG transformation. They are known as "dual-axis transformation" and drive the development of the overall information service market.

With geopolitical conflicts breaking out at multiple locations around the world, building a resilient and trustworthy organization and supply chain has become a top priority. In addition to continuing to promote the "six core" strategic industries of information and digital, the government is also developing the "five trusted industries" of artificial intelligence to promote the "AI industrialization, industrial AI-ization" and the use of artificial intelligence to join hands with industries to innovate cross-disciplinary applications. In addition, the Digital Department is working on the "Great Software Project" to make good use of Taiwan's hardware advantages to drive the development of the software industry and promote the upgrade of Taiwan's software industry environment. It is expected to build the software industry into Taiwan's new trillion industry and create a golden decade for Taiwan's software industry.

According to an IDC survey report, enterprises are migrating to the cloud, and hybrid environment management has become the focus of growth in the information service market, such as hybrid cloud management, industrial cloud, cloud security solutions and more; it is predicted that the overall ICT expenditure of Taiwan's industry will reach 3.7% in 2024, particularly in terms of IT spending, where the growth rate jumped to 5%, of which software services were the highest at 7.2%, followed by hardware at 4.8%.

IV. The Company's future development strategy

1. Short-term development plan

- (1) Integrate system management tools to improve the efficiency and quality of corporate operations.
- (2) Expand core products and professional technical services to improve overall profitability.
- (3) Develop a knowledge-based economy that includes generative AI, cloud services, 5G, and information security.
- (4) Develop transportation, security and business applications with intelligent operating platforms.
- (5) Alliance with outstanding domestic manufacturers to explore business opportunities in

various industries at home and abroad.

2. Long-term development plan

- (1) Cultivate high-quality IT talents and implement continuous improvement of total quality.
- (2) Enhance corporate growth and innovation, and commit to the sustainable development of ESG.
- (3) Demonstrate powerful system capabilities and help enterprises upgrade digital transformation with the results of generative AI.
- (4) Bridging the application of cutting-edge technology industries and forming an alliance with Taiwan team for World Cup.

In 2024, the global economic environment tends to be conservative and the overall environment is full of uncertainties. However, with technological innovation and policy support, the demand for cloud, information security, generative AI, and net zero carbon reduction will continue to grow. Syscom continues to demonstrate strong system integration capabilities and seize opportunities to break new ground. As one of the most large-scale and influential system integration companies in Taiwan, Syscom is approaching its 50th anniversary. We hope that all employees will continue to work hard and innovate bravely to create long-lasting business performance and work together for the sustainable development of the company. 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".

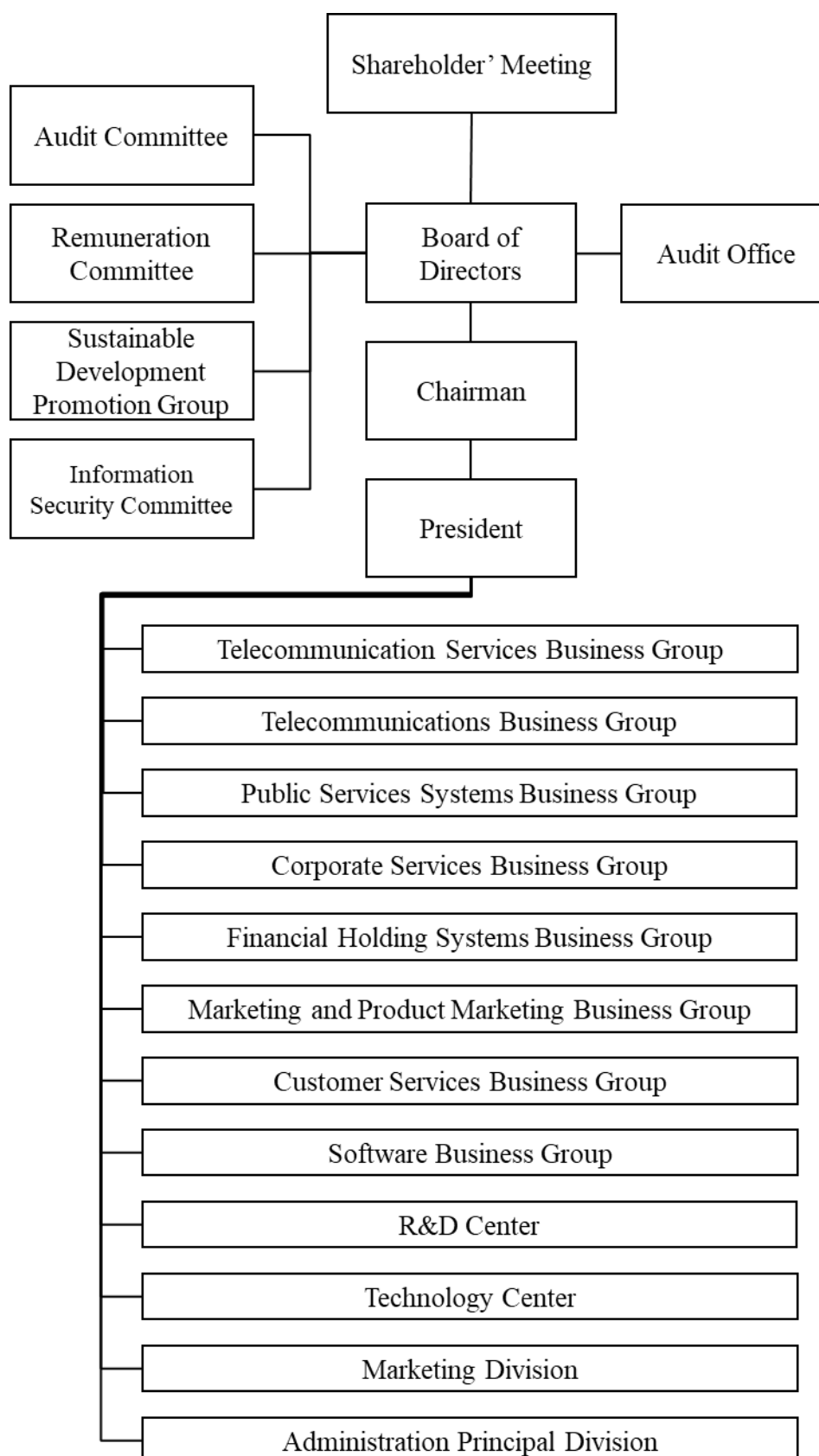
Year	Important Milestones
2021	<ul style="list-style-type: none"> • Mr. Jui-Fu Liu, Chairman of the Board of Directors, was awarded "Honorary Doctor of Engineering" by National Dong Hwa University. • Passed Cisco's rigorous evaluation and technical requirements and was awarded again CISCO's highest-level "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.

Year	Important Milestones
2023	<ul style="list-style-type: none"> • “TRITON” satellite was launched, and SYSCOM’s “ground control system” and “satellite control system” was officially launched too. • The self-developed product “ OMFLOW Enterprise Process Engine ” was recognized by the “Taiwan Excellence Award” (2023, 2024). • The self-developed “Intelligent Service Robot Ayuda” won the “Taiwan Excellence Silver Award” again (2021 Taiwan Excellence Award Silver Award, 2023 Taiwan Excellence Award and 2024 Taiwan Excellence Silver Award). • Passed Cisco's rigorous evaluation and technical requirements and was awarded again CISCO’s highest-level “Gold Certified Partner” (1999-2024). • Continued third-party certification of information security management system, personal information management system, privacy information management system, and information service management system.
2024	<ul style="list-style-type: none"> • Won the “27th National Quality Award - Industry Support Model Award” . • Awarded CIO TAIWAN "Outstanding Service Provider" (2022, 2024). • Honored with Cisco’s "Best Data Center Partner in Greater China". • Continue to grow

Three. Corporate Governance Report

I. Organizational system

(I) Organization chart

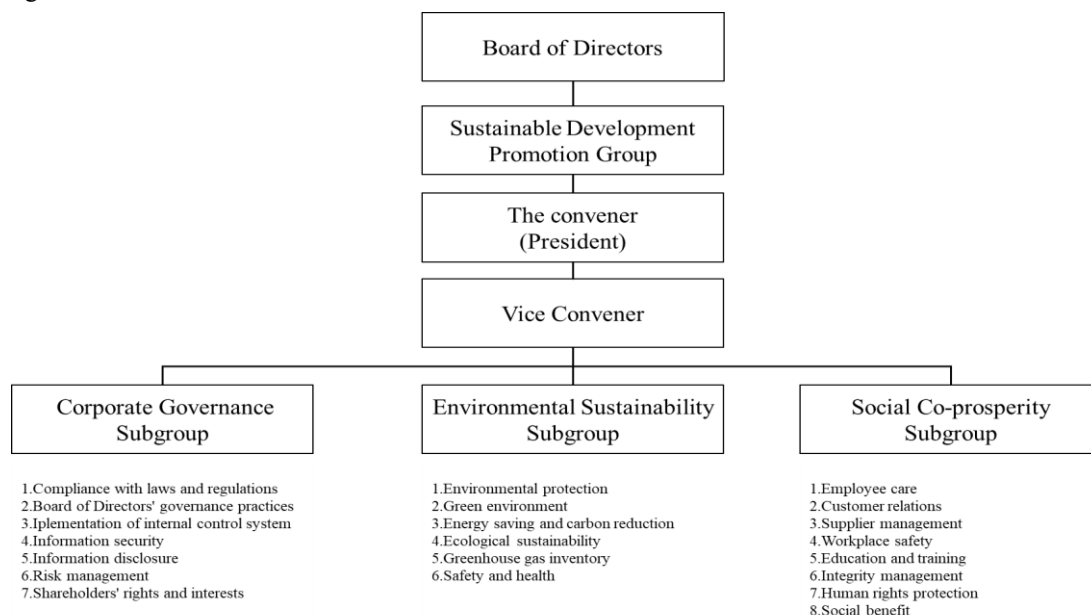


(II) Businesses of each major department

Major department	Businesses
President	Responsible for the planning and integration of the company's long-term and short-term operational direction and decisions.
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 2023 and the plan for 2024 were reported to the Board of Directors on December 14, 2023.

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

(I) Information on directors

As of April 14, 2024

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	0	0	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 51~60 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, President of National Quality and Sustainable Excellence Alliance	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 51 to 60. The Company has two female directors, and the proportion of female directors is 29%. The target of increasing the number of female directors to over 25% has been achieved, and the Company has planned to increase the number of female directors to over one-third.

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 "Procedures for 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 14, 2024

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 15)
					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	0	0	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.	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	0	0	0	0	0	0	Department of Electricity and Information Technology, National Taipei College of Business	Note 3	None	None	None	-
Vice President	R.O.C.	Chen-Huan Li	Male	2007.06.01	6,689	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 4	None	None	None	-
Vice President	R.O.C.	Chin-Fen Yu	Female	2015.03.26	1,552	0	0	0	0	0	Bellevue University MBA	None	None	None	None	-
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	-

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 15)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
Vice President	R.O.C.	Tsan-Chang Li	Male	2020.07.01	0	0	0	0	0	0	Department of Electronics, Tungnan College of Technology Product Manager of Taiwan Branch, Diebold corp Sales Division Chief of SYSTEX Corporation	Note 5	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	-
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 6	None	None	None	-
Principal Division Chief	R.O.C.	Jia-Chang Chang	Male	2005.06.01	2,000	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 7	None	None	None	-
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 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 15)
					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.	Chih-Wei Wen	Male	2005.06.01	0	0	0	0	0	0	Department of Electrical Engineering, National Tsing Hua University	Note 9	None	None	None	-
Chief Finance Officer	R.O.C.	Li-Chueh Du	Female	2000.06.19	6,793	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 Deng	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	-
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	-

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 15)
					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.	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	25,340	0.03	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	0	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	221	0	0	0	0	0	Department of Electric Engineering, National Taipei University of Technology	None	None	None	None	-
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	-

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 15)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
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	-
Senior 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	-
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	-

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 15)
					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.	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	-
Senior 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	Senior Division Chief	Hung-Yi Lin	Man and wife	-
Principal 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	-
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	-

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 15)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
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	-
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	-
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	-

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 15)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
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	-
Project 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.	None	None	None	None	-
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, Chunghwa 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	-

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 15)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
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	-
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	-

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					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
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	1,000	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	-
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	-

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					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Job title	Name	Relationship	
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	-
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	-
Acting 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 Electronical 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	-
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	-

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					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.	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.	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	-
Acting Assistant VP	R.O.C.	Yu-Chiang Huang	Male	2023.06.01	0	0	0	0	0	0	Department of Biomechanics Engineering, National Taiwan University	None	None	None	None	-
Project Division Chief	R.O.C.	Ho-Wen Chen	Female	2023.07.17	0	0	0	0	0	0	Doctoral Candidate of Information and Financial Management Group, National Taipei University of Technology; System Analyst of Information Room of Tri-Service General Hospital	None	None	None	None	-
Senior Assistant VP	R.O.C.	Hsiao-Shu Ma	Male	2023.09.01	0	0	0	0	0	0	Department of Electronic Engineering, Southern Taiwan University	None	None	None	None	-
Project Assistant VP	R.O.C.	Hsiu-Hsien Wu	Male	2023.11.01	0	0	0	0	0	0	Department of Life Science, Fu Jen Catholic University, Sales Manager of Taiwan Microsoft Public Business Group Education Certification	None	None	None	None	-

Note 1: Director of CASEMaker, Inc., director of Actisys International Corporation

Note 2: President of CASEMaker Inc.

Note 3: Legal representative of the director of Cloudmaster Co., Ltd.

Note 4: Chairman of Furly Investment Co., Ltd.

Note 5: Legal representative of the director of Syscom Computer(Shenzhen)Co., Ltd., legal representative of the director of Xian Linan Computer Co., Ltd.

Note 6: Legal representative of the director of Netmaker Technology Co., Ltd.

Note 7: Supervisor of Wisemaker Technology Co.

Note 8: Legal representative of the director of Netmaker Technology Co., Ltd.

Note 9: Director of Syscom Computer(Thailand)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: 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	30	30	510	510	7,628	8,338	0	0	50	0	50	0	8,188	8,898	2.94%	3.20%	None
	Jui-Long Liu																							
	Po-Wen Wang																							
	Chih-Chun Liu																							
Independent Director	Wang-Ying Yu	360	360	0	0	0	0	54	54	414	414	0	0	0	0	0	0	0	0	414	414	0.15%	0.15%	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, 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	64,561	65,651	1,891	1,891	349	349	373	0	373	0	67,174	68,264	None
President	Jui-Long Liu													
Vice President	Chin-Hsiang Hsu(Note 1)													
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													

Note 1: Left office on December 31, 2023.

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	None	None
\$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, Ming-Feng Li	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, Ming-Feng Li
\$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 Yu	Jui-Long Liu, Chao-Lai Wu, Chen-Huan Li, Chun-Cheng Li, Shun-Liang Hsieh, Chin-Fen Yu
\$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, 2023
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	2,387	2,387	0.86%
	President	Jui-Long Liu				
	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 Yu				
	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 Deng				
	Principal Division Chief	Po-Shu Hsueh				
	Assistant VP	Kai-Tsung Wang				
	Principal Division Chief	Cheng-Wu Shao				

Managerial Officer	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			
	Senior Assistant VP	Xueshu Ma			
	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	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			
	Senior 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			
	Senior 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			
	Principal Division Chief	Chih-Cheng Lin			
	Project Division Chief	Kang-Yuan Fan			
	Assistant VP	Wei-Min Chen			
	Division Chief	Wei-Jen Cheng			

Managerial Officer	Senior Division Chief	Yu-Ting Tseng				
	Assistant VP	Yi-Chun Liu				
	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	Meng-Hung Pan				
	Division Chief	Fan-Ying Chang				
	Division Chief	Yu-Hsiang Lin				
	Division Chief	Yu-Chung Huang				
	Project 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				
	Division Chief	Chih-Kai Hsu				
	Corporate Governance Officer	Chun-Yen Chen				
	Division Chief	Shan-Mao Cheng				

Managerial Officer	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				
	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				
	Acting 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				
	Project Division Chief	Chi-Cheng Chih				
	Principal Division Chief	Te-Kuei Chiu				
	Division Chief	Hung-Jui Hsieh				
	Division Chief	Zhong-Yan Wu				
	Division Chief	Hao-Fan Liu				
	Division Chief	Chiung-Ying Tai				
	Acting Division Chief	Yao-Jen Yeh				
	Project Assistant VP	Yu-Chiang Huang				
	Project Division Chief	Ho-Wen Chen				
	Project Assistant VP	Hsiu-Hsien Wu				

(IV) Compare and describe the total remuneration paid to directors, 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, 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			
	2023		2022		2023		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	8,602	3.09%	8,465	3.38%	9,312	3.35%	9,037	3.60%
President and vice president	67,714	24.14%	61,928	24.70%	68,264	24.53%	63,551	25.35%
Net profit after tax	278,293	-	250,729	-	278,293	-	250,729	-

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, 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 2023, 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 6 times during 2023 and the attendance of the directors was as follows:

The average percentage of attendance in person of all directors was 95.24%, 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	6	0	100%	None
Director	Jui-Long Liu	6	0	100%	None
Director	Po-Wen Wang	5	0	83%	None
Director	Chih-Chun Liu	5	0	83%	None
Independent Director	Che-Fu Kung	6	0	100%	None
Independent Director	Wang-Ying Yu	6	0	100%	None
Independent Director	Chung-Lieh Kuo	6	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 39 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 formulated the Rules of Procedure for Board of Directors Meetings to make the operation of the Board of Directors more institutionalized.
 2. The Company's Audit Committee and the Remuneration Committee are formed by independent directors, and the "Audit Committee Charter" and the "Remuneration Committee Charter" have been established to enable the committee members to exercise their supervisory duties and achieve the goal of strengthening the functions of the Board of Directors.
 3. On March 18, 2021, the Company's Board of Directors approved the appointment of a Corporate Governance Officer and formulated the "Standard Operating Procedures for Handling Directors' Requests" to enhance corporate governance operations
 4. The Company has established the "Rules Governing the Scope of Powers of Independent Directors".
 5. The Company voluntarily provides information on various continuing education courses and encourages directors to actively participate in various corporate governance courses.
 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 2023 and submitted it to the first Board of Directors meeting in 2024.

Exhibit 1: Implementation of the board evaluation.

Evaluation frequency	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2023 to December 31, 2023	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	Audit Committee members' self-evaluation	(1) The extent of participation in the Company's operations. (2) Perception of Audit Committee's responsibilities. (3) Improvement in the quality of the Audit Committee's decision-making. (4) Composition and appointment of Audit Committee members. (5) Internal control.
		Remuneration Committee	Remuneration Committee members' self-evaluation	(1) The extent of participation in the Company's operations. (2) Perception of Remuneration Committee's responsibilities. (3) Improvement in the quality of the Remuneration Committee's decision-making. (4) Composition and appointment of Remuneration Committee members. (5) Internal control.

(II) 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 2023 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:

- (1) 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 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
2nd meeting in 2023 2023.05.11	Review of the financial statements for 1Q 2023		None
3rd meeting in 2023 2023.08.09	Review of the financial statements for 2Q 2023		None
	Plan to serve as the guarantor for bank financing of subsidiaries	V	None
4th meeting in 2023 2023.11.13	Replacement of CPAs and evaluation of the independence and suitability of CPAs	V	None
	Review of the financial statements for 3Q 2023		None
	Formulation of the audit plan for 2024		None
	Plan to serve as the guarantor for bank financing of subsidiaries	V	None

5th meeting in 2023 2023.12.14	Cash Capital Increase of Xian Linan Computer Co., Ltd.		None
	Plan to serve as the guarantor for bank financing of subsidiaries	V	None
1st meeting in 2024 2024.03.12	Review of the financial statements and business report for 2023	V	None
	2023 earnings distribution proposal		None
	Finalization of "Procedures for Sustainability Report Compilation and Assurance"		None
	Amendments to the "Internal Control System" and "Enforcement Rules for Internal Audit"	V	None
	Evaluation of the independence and competency and appointment of attesting CPAs	V	None
	Pre-approval list of non-assurance services	V	None
	2023"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.

- (2) 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.
- (3) 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.

f. Communications among independent directors, internal audit officer and CPAs are as follows:

Meeting date	Communication method	Communication matters	Communication results
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. Related guidelines 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 of 2022 “Internal Control System Effectiveness Review” and “Internal Control System Statement”.	All independent directors present had no other opinions.
May 11, 2023	Audit Committee	Report on the implementation of audit operations.	All independent directors present had no other opinions.
August 9, 2023	Audit Committee	Report on the implementation of audit operations.	All independent directors present had no other opinions.
November 13, 2023	Pre-board meeting discussion	1. The review scope, time, and key audit matters of the annual financial statements.	All independent directors present had no other opinions on the relevant communication matters.
November 13, 2023	Audit Committee	1. Report on the implementation of audit operations. 2. Discussion about the formulation of 2024 audit plan.	All independent directors present had no other opinions.
March 12, 2024	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 12, 2024	Audit Committee	1. Report on the implementation of audit operations. 2. Amendments to the “Internal Control System” and “Enforcement Rules for Internal Audit”. 3. Discussion of 2023 “Internal Control System Effectiveness Review” 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 Company’s “Corporate Governance Best Practice Principles” was approved by the Board of Directors on November 7, 2014 and will be amended in line with laws and operational requirements. All operations are conducted in accordance with the “Corporate Governance Best Practice Principles.” Relevant content is disclosed on the Market Observation Post System.	None
II. Shareholding structure & shareholders’ rights (I) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly? (II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (III) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates? (IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V V V 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) 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) 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) 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.	None
III. Composition and Responsibilities of the Board of Directors (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	None

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>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 the Annual Report on page 15” (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 16 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 over the age of 71, four are between 61 and 70, and one is between 51 and 60. The Company has two female directors, and the proportion of female directors is 29%.</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		<p>The target of increasing the number of female directors to over 25% has been achieved, and the Company has planned to increase the number of female directors to over one-third.</p> <p>(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.</p>	
(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		<p>(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.</p> <p>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.</p> <p>2.The performance evaluation of the Board of Directors of the Company shall include at least the following five major aspects:</p> <p>(1) The extent of participation in the Company's operations.</p> <p>(2) Improvement in the quality of the board's decision-making.</p> <p>(3) Composition and structure of the board.</p> <p>(4) Election and continuing education of directors.</p> <p>(5) Internal control.</p> <p>The performance evaluation of board members should include at least the following six major aspects:</p> <p>(1) Alignment of the Company's objectives and tasks.</p> <p>(2) Perception of directors' responsibilities.</p> <p>(3) The extent of participation in the Company's operations.</p> <p>(4) Internal relationship management and communication.</p> <p>(5) Professionalism and continuing education of directors.</p>	

Evaluation Item	Implementation Status			Difference from Corporate Governance Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>(6) Internal control.</p> <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 2023 was completed in February 2024 and the evaluation results were submitted to the Board of Directors on March 12, 2024. According to</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>the self-evaluation results of the Board of Directors, board members, 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 12, 2024, 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 2023:</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 2023, the Board of Directors had 6 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 13, 2023 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 2023, which was reported to the Board of Directors in its first meeting in 2024(March 12, 2024).</p> <p>(8) Completed the qualification review of independent directors (including nomination, election, and term of office), and reported to the Board of Directors on March 12, 2024.</p> <p>(9) 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>2022.10.26</td><td rowspan="2">Accounting Research and Development Foundation</td><td>Common Deficiencies of "Financial Statements Review" and Analysis of Important Internal Control Regulations</td><td>6.0</td><td rowspan="2">12.0</td></tr> <tr> <td>2022.10.31</td><td>Latest Policy Developments and Internal Control Management Practices Related to “ESG Sustainability” and “Self-Prepared Financial Statements”</td><td>6.0</td></tr> </tbody> </table>	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	
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														

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	
			2023.10.6	Accounting Research and Development Foundation	Practical Analysis of the Latest “Sustainable Development Action Plan” and the Impact of Net Zero Carbon Emission on Financial Statements	6.0	12.0	
			2023.11.6		How to Analyze Key Financial Information to Strengthen Crisis Early Warning	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 2023 Corporate Governance Evaluation :

Improved status for the non-scoring items:

Evaluation Index	Improved status
Does the Company simultaneously release material information in English?	Starting in 2024, the Company has simultaneously released material information in English in accordance with the regulations °

Priorities for improvement:

Evaluation Index	Priorities for improvement
Does the Company compile and upload the sustainability report to the Market Observation Post System and the Company’s website in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI)? [If the sustainability report discloses relevant ESG information with reference to SASB, one point will be added to the total score.]	The Company plans to complete the preparation of the 2023 sustainability report before August 31, 2024 and upload it to the Market Observation Post System and the Company’s website, which has been submitted to the Board of Directors for resolution and approval.

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
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
Director	Po-Wen Wang	2023.04.27	Sustainable Development Action Plan Promotion Conference for TWSE/TPEX-listed Companies	Taiwan Stock Exchange	3
Independent Director	Che-Fu Kung	2023.05.22	Sustainable Development Action Plan Promotion Conference for TWSE/TPEX-listed Companies	Taiwan Stock Exchange	3
Independent Director	Wang-Ying Yu	2023.09.04	The 14th Taipei Corporate Governance Forum	Financial Supervisory Commission	3
Independent Director	Chung-Lieh Kuo	2023.10.13	2023 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Independent Director	Wang-Ying Yu	2023.10.13	2023 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Director	Chih-Chun Liu	2023.10.13	2023 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Director	Po-Wen Wang	2023.10.20	2023 Annual Briefing on Insider Trading Prevention	Securities and Futures Institute	3
Independent Director	Che-Fu Kung	2023.11.29	2023 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Independent Director	Chung-Lieh Kuo	2023.11.29	2023 Annual Legal Compliance Briefing on Insider Stock Transactions	Securities and Futures Institute	3
Director	Chih-Chun Liu	2023.11.29	2023 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 15 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 2023, 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
5th 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
6th meeting of the 5th Committee 2023.11.13	1. Review of the remuneration and performance evaluation of directors and managerial officers for 2023. 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 2023.	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 2024.		
7th meeting of the 5th Committee 2024.03.12	1. Review of the payment of year-end bonus to managerial officers for 2023. 2. Review of the remuneration and performance evaluation of directors and managerial officers for 2023. 3. Review of the employee profit-sharing remuneration for directors and managerial officers for 2023.	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 2023 and the plan for 2024 were reported to the Board of Directors on December 14, 2023.</p> <p>3. The Company has formulated the “Procedures for the Preparation and Assurance of Sustainability Reports” in accordance with the “Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE</p>	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			Listed Companies”, and approved by the Board of Directors on March 12, 2024. It is the basis for the implementation of relevant operating procedures by the sustainable development promotion team 4. Based on the report on the implementation status, the Board of Directors reviews the promotion of strategies and plans and urges the promotion 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. 	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Description		
			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:		
			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 responsible units and their terms of reference in line with the greenhouse gas inventory and verification schedule. In 2022 and 2023, the Company will successively conduct talent training courses such as “Corporate Warm-up Practices and Improvement Practices” as well as policy objectives and control mechanism, and the initial ISO 14064 application verification schedule.
			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.

Promotional Implementation Item	Implementation Status					Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description			
			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 management systems based on the characteristics of their industries?	V		(I) The Company has established an environmental management system in accordance with the characteristics of the industry: 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.			None
(II)Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(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. 2. As the Company provides professional services in the information service business, and its impact on the environment and energy consumption are mainly the power consumption of the office premises. The Company will continue to strengthen			None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			the implementation of various energy-saving measures, with the goal of reducing electricity consumption by 1%.	
(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> <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 	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>may cause interruption of the company's operation) on the floor.</p> <p>9. We strive to develop energy-saving products to reduce the impact on the environment.</p> <p>10. We implement waste management policies and water conservation measures.</p>	
(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 carbon emissions from the offices in 2023 and 2022 were 1,142 tons and 1,107 tons, respectively, an increase of approximately 3% compared to 2022, mainly due to the increase in the number of employees in response to operational growth. In 2024, we will continue to reduce unnecessary electricity consumption and implement various energy-saving measures, with a target of 1% carbon reduction in 2024. 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). 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. 3. In addition to general water consumption, no additional wastewater is generated during the Company's operations. The water source is from Taiwan Water Corporation, and sewage is discharged in accordance with regulations. There is no concern of water pollution. The total water consumption in 2023 and 2022 was 10,817 tons and 10,000 tons, respectively. The increase in 2023 compared to 2022 was mainly due to the increase in personnel due to operational growth. With the 	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>pandemic slowing down in 2024, 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 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 in 2023 and 2022 was both 8 tons, and the total output of non-recyclable waste and domestic garbage in 2023 and 2022 was 26.13 tons and 25.37 tons, respectively. In 2023, the volume of garbage increased by approximately 3% from 2022, mainly due to the increase in packaging materials for large-scale project equipment, resulting in an increase in garbage volume. 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>	
IV. Social Issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(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	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>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 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</p>	

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			measures. In 2023, the Company has implemented ethical corporate management policy promotion, “Partner Business Code of Ethics and Anti-Corruption Training”, “Personal Information Management System (PIMS)”, “Information Security”, “Human Rights Protection”, and internal control related courses and plans amounted to 4,515 person-times, for a total of 6,066 person-hours.	
(II) Does the Company establish and deliver reasonable employee welfare programs (including salary, compensated absences, and other benefits) and adjust employee compensation in relation to business performance?	V		<p>(II) 1. Implement reasonable employee welfare measures:</p> <p>(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.</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 2023, the percentage of female employees was 31.12% and the percentage of female managerial officers was 21.09%.</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</p>	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>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 remuneration according to the percentage set out in the preceding paragraph.</p>	
(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. 	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>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.</p> <p>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.</p> <p>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.</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. The building is disinfected every six months and the floor cleaning and waxing operations are carried out every month; in line with the post-pandemic prevention measures, the Company continues to strengthen the promotion of the concept of public health and cleaning and disinfection. Every day, colleagues and visitors to the Company are still recommended to wear masks and continue to have their body temperature measured and hands are disinfected. Alcohol and antibacterial hand sanitizer is placed at the entrance of each floor. Antibacterial hand sanitizer is also placed in the pantry. Alcohol/antibacterial hand sanitizer is also placed in each meeting room for colleagues and 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</p>	

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>Bulletin".</p> <p>11. General safety and health on-the-job training courses are held each year. In 2023, a total of 1,266 person-times and a total of 3,798 man-hours were held.</p> <p>12.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>13.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>14.We provide employees with term life insurance and accident insurance to increase their job protection.</p> <p>15.We provide a family-friendly workplace environment for employees by setting up a breastfeeding room.</p> <p>16.The Company has completed fire safety facilities, and conducts routine employee fire escape drills and related education and training courses every year to reduce the probability of fire, and there was no fire incident in 2023.</p>	
(IV) Does the Company provide its employees with career development and training sessions?	V		(IV) In order to cultivate talented employees, the Company has established 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 7,263 and the cost of education and training was NT\$6.75 million in 2023.	None
(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	V		(VI) The Company has established supplier management policies, which are	None

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
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?			<p>mainly as follows:</p> <ol style="list-style-type: none"> 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 evaluation project has included the sustainable development evaluation aspect, to promote the cooperative suppliers to comply with the relevant corporate social responsibility regulations, exert the corporate social influence, and promote the economic, social and environmental ecological balance and sustainable development. 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. 5.The Company mainly distributes and represents products from international brands. In addition to ensuring that the Company's 	

Promotional Implementation Item	Implementation Status			Difference from Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Description	
			<p>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 reports from a third party accreditation institution?		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 planned to refer to the international reporting standards or guidelines to prepare the 2023 sustainability report.
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</p>				

related work.

(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.

The implementation results for 2023 and the plan for 2024 were reported to the Board of Directors on December 14, 2023.

The main implementation results for 2023 are as follows:

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. To cultivate outstanding talents and increase industry-academia cooperation opportunities between enterprises and academia, the Company actively participates in sponsoring scholarships and various activities for academic groups. The Company donated NTD 40,000 for each scholarship in 2023 to the "Cheng Electrical Engineering Cultural and Educational Foundation" and "National Dong Hwa University", and donated NTD 50,000 scholarship to the "Private Tamkang University". In 2023, 17 interns were recruited, including 4 interns from National Chung Hsing University, 1 from Taipei University of Business, 1 from Fu Jen Catholic University, and 9 from Yuan Ze University and 2 from Ming Chuan University students were provided 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 2023 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, 9 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 2023, the Company had 7,263 attendance in internal training and external training, and the cost of education and training was approximately NT\$6.75 million.

The main plans for 2024 are as follows:

1. In terms of corporate governance, we plan to continue the performance evaluation of the Board of Directors and continue to improve the transparency of website information, and more.
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.

Implementation of Climate-Related Information

	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The Company's board of directors has approved the establishment of a sustainable development promotion team to be responsible for the formulation and implementation of sustainable development-related policies and systems, and to review and improve the implementation results. At least once a year, the team will report the implementation plan and results to the board of directors, including the risks assessment of climate change, mitigation measures and so on topics. The Board of Directors reviews the strategy and promotion of the plan based on the implementation status, and urges the promotion team to make adjustments where necessary.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	The major climate risks faced by the Company mainly come from the requirements of key stakeholders such as regulators, customers and investors for the reduction of corporate greenhouse gases. The opportunities brought about by climate change are mainly in the aspect of products and services. The Company's short-term strategy is to continuously strengthen internal emergency response capabilities and reduce possible property losses through insurance. The medium-term strategy is to continuously improve supplier management. The long-term strategy is to address the supply chain issues caused by climate change in production and sales strategies.
3. Describe the financial impact of extreme weather events and transformative actions.	The Company has not yet completed the assessment of the financial impact of extreme climate events and transition actions.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	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". Continue to improve energy conservation through planned electricity consumption, and include greenhouse gas inventory as a material topic for corporate sustainable development.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not used scenario analysis to evaluate the resilience in the face of climate change risks.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company has not yet completed the transition plan in response to the management of climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet used internal carbon pricing as a planning tool.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company has not yet set climate-related goals.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	The Company has drawn up a schedule for the initial application of ISO 14064 certification, and expects to pass the certification of a third-party organization in 2025.

(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 2023. 3.The Company has established procedures for handling complaints and confidentiality in the "SYSCOM COMPUTER Whistleblower Reporting Regulations", and no complaints were filed in 2023. 4.In 2023, 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 4,515 attendees, totaling 6,066 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 2023 to the Board of Directors on December 14, 2023.</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 12, 2024

With regard to the 2023 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, 2023 (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 12, 2024, 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
2023.06.13 Regular shareholders' meeting	1. Adoption of 2022 Business Report and Financial Statements. 2. Adoption of 2022 earnings distribution proposal. 3. Approval of the amendments to the "Articles of Incorporation".	1. Implemented in accordance with the resolutions of the shareholders' meeting. 2. July 19, 2023 was set as the base date for distribution and August 8, 2023 as the payment date, and cash dividends of NT\$2.2 per share were distributed in accordance with the resolution of the shareholders' meeting. 3. The amendments were registered on July 10, 2023 upon approval by the Ministry of Economic Affairs and announced on the Company's website.

2. Board of Directors

Date	Important resolutions
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.
2nd meeting in 2023 2023.05.11	1. Report on greenhouse gas inventory and verification schedule planning. 2. Approval of the review of the financial statements for 1Q 2023. 3. Approval of bank financing lines.
3rd meeting in 2023 2023.06.13	Determining the ex-dividend date, stock closing date and cash dividend payment date related matters.
4th meeting in 2023 2023.08.09	1. Report on greenhouse gas inventory and verification schedule planning. 2. Approval of the review of the financial statements for 2Q 2023. 3. Approval of bank financing lines. 4. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.

5th meeting in 2023 2023.11.13	1. Report on greenhouse gas inventory and verification schedule planning. 2. Replacement of CPAs and evaluation of the independence and suitability of CPAs. 3. Approval of the review of the financial statements for 3Q 2023. 4. Approval of the audit plan for 2024. 5. Approval of review matters of the 6th meeting of the 5th Remuneration Committee. 6. Approval of bank financing lines. 7. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.
6th meeting in 2023 2023.12.14	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. Approved the cash capital increase of Xian Linan Computer Co., Ltd. 7. Approval of bank financing lines. 8. Approval of the plan to serve as the guarantor for bank financing of subsidiaries.
1st meeting in 2024 2024.03.12	1. 2023 Business Report. 2. Report on the results of performance evaluation of the Board of Directors for 2023. 3. Report on greenhouse gas inventory and verification schedule planning. 4. Review on the qualifications of independent directors by the corporate governance officer. 5. Approval of 2024 business plan and budget. 6. Approval of review matters of the 7th meeting of the 5th Remuneration Committee. 7. Approval of the 2023 profit-sharing remuneration proposal for employees and directors. 8. Approval of the renewal of directors' and managerial officers' liability insurance. 9. Approval of the financial statements and business report for 2023. 10. Approval of 2023 earnings distribution proposal. 11. Approval of the amendments to the "Articles of Incorporation". 12. Approved of the amendments to the "Rules of Procedure for the Board of Directors' Meetings". 13. Approved the amendments to the "Audit Committee Charter". 14. Approved the "Procedures for the Preparation of Sustainability Report and Assurance". 15. Approved the revision of the "Internal Control System" and the "Implementation Rules of Internal Audit". 16. Approved the re-election of directors. 17. Approved the nomination of candidates for directors (including independent directors). 18. Approved the lifting of non-compete restrictions on the newly elected directors. 19. Approval of the subjects of the 2024 regular shareholders' meeting. 20. Approval of the acceptance of the proposals of shareholders holding more than one percent of shares. 21. Approved matters related to the acceptance of nominees for directors (including independent directors) nominated by 1% shareholders. 22. Approval of the evaluation of the independence and competency and appointment of attesting CPAs. 23. Passed the list of pre-approved non-assurance services. 24. Approval of the "Assessment of the Effectiveness of Internal Control System" and "Internal Control System Statement" for 2023. 25. Approval of bank financing lines. 26. 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	Li-Wen Kuo Pei-De Chen	2023.01.01-2023.12.31	2,512	558	3,070	

Note: Non-audit fees include \$458 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:

Deloitte Taiwan has appointed Hsin-Wei Tai and Pei-De Chen, CPAs of Deloitte & Touche, as the independent auditors of the Company. Due to a change of duties within the firm, the signing of financial statements has been re-designated from the third quarter of 2023 onwards by Li-Wen Kuo and Pei-De Chen of Deloitte & Touche.

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	2023		The current year up to April 14	
		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	0	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 (Note 1)	Chin-Hsiang Hsu	(18,000)	0	0	0
Vice President	Chao-Lai Wu	0	0	0	0
Vice President	Anthony Tseng	(977)	0	0	0
Vice President	Chen-Huan Li	(13,000)	0	0	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	Kuang-Keng Liang	0	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	(13,917)	0	0	0
Chief R&D Officer	Tsai-Cheng Chen	(56)	0	0	0
Principal Division Chief	Tsai-Chi Sung	0	0	0	0
Principal Division Chief	Chih-Wei Wen	(25,286)	0	0	0
Chief Finance Officer	Li-Chueh Du	(7,000)	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	0	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	(20,000)	0	0	0
Division Chief	Shu-Hua Liu	(3,000)	0	0	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	(369)	0	0	0
Senior Assistant VP (Note 3)	Hsiao-Shu Ma	0	0	0	0
Principal Division Chief	Te-Li Chen	(2,000)	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	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	0	0
Division Chief	Wen-Po Hsu	0	0	0	0

Senior Division Chief	Erh-Wei Dai	(500)	0	0	0
Principal Division Chief	Hui-Yi Lin	(8,000)	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
Senior 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(Note 5)	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	(3,000)	0	0	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	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
Project 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	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	1,000	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
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	Fu-Yuan Wen	0	0	0	0
Division Chief	Yi-Feng Lai	0	0	0	0
Project Assistant VP	Yi-Ling Hsu	0	0	0	0
Acting Assistant VP	Hung-Jen Hsiao	0	0	0	0
Project Assistant VP	Yi-Cheng Wu	0	0	0	0
Project Assistant VP	Sheng-Yu Chen	0	0	0	0
Division Chief	Ling-Hao Chen	0	0	0	0
Project Division Chief	Chun-Wen Yu	0	0	0	0
Division Chief	Cheng-Heng Deng	0	0	0	0
Acting Assistant VP (Note 6)	Ying-Ying Hsu	0	0	0	0
Division Chief	Chi-Cheng Chih	0	0	0	0
Principal Division Chief	Te-Kuei Chiu	0	0	0	0
Division Chief (Note 7)	Hung-Jui Hsieh	0	0	0	0
Division Chief (Note 8)	Zhong-Yan Wu	0	0	0	0
Division Chief (Note 7)	Hao-Fan Liu	0	0	0	0
Division Chief (Note 9)	Chiung-Ying Tai	0	0	0	0
Acting Division Chief (Note 10)	Yao-Jen Yeh	0	0	0	0
Acting Assistant VP (Note 11)	Yu-Chiang Huang	0	0	0	0
Project Division Chief (Note 12)	Ho-Wen Chen	0	0	0	0
Project Assistant VP (Note 13)	Hsiu-Hsien Wu	0	0	0	0

Major shareholder (Note 14)	Su-Chen Yang	(1,268,000)	0	0	0
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Note 1: Left office on December 31, 2023.

Note 2: Left office on February 29, 2024.

Note 3: Left office on February 28, 2023. Took office on September 1, 2023.

Note 4: Left office on March 20, 2023.

Note 5: Left office on March 31, 2023.

Note 6: Left office on August 14, 2023.

Note 7: Took office on March 17, 2023.

Note 8: Took office on March 17, 2023. Left office on March 1, 2024.

Note 9: Took office on March 22, 2023.

Note 10: Took office on March 27, 2023.

Note 11: Took office on June 1, 2023.

Note 12: Took office on July 17, 2023.

Note 13: Took office on November 1, 2023.

Note 14: Left office on May 27, 2023.

(II) Information on the related party who is the counterparty of equity transfer: None.

(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 14, 2024

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%	0	0	0	0	Chih-Chun Liu Chi-Shan Liu Chuan Gao	Father and daughter Father and daughter Natural person as its major shareholder	None
Chi-Shan Liu	7,598,911	7.60%	0	0	0	0	Jui-Fu Liu Su-Chen Yang Chih-Chun Liu Chuan Gao	Father and daughter Mother and daughter Sisters Father as major shareholder	None
Su-Chen Yang	7,256,001	7.26%	0	0	0	0	Chih-Chun Liu Chi-Shan Liu	Mother and daughter Mother and daughter	None
Chih-Chun Liu	4,375,567	4.38%	0	0	0	0	Jui-Fu Liu Su-Chen Yang Chi-Shan Liu Chuan Gao	Father and daughter Mother and daughter 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 Chih-Chun Liu Chi-Shan Liu	The major shareholder Child of a major shareholder Child of a major shareholder	None
HSBC Bank (Taiwan) is entrusted with the custody of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account	1,187,000	1.19%	0	0	0	0	None	None	None
Citibank Taiwan Ltd is entrusted with the custody of Berkeley Capital Securities Investment Account	691,000	0.69%	0	0	0	0	None	None	None
Chih-Yung Li	583,000	0.58%	0	0	0	0	None	None	None
JPMorgan Chase Bank N.A. Taipei Branch is	546,000	0.55%	0	0	0	0	None	None	None

entrusted with the custody for BUMA Global Fund I Investment Account									
HSBC Bank (Taiwan) is entrusted with the custody for Arcadian Emerging Market Micro Capital Securities Master Fund	537,000	0.54%	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, 2023

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.	2,679,450	99.24%	0	0	2,679,450	99.24%
Syscom Computer (Thailand) Co., Ltd.	3,440,000	92.47%	20,000	0.54%	3,460,000	93.01%
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 14, 2024

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

Unit: Shares

Type of shares	Authorized capital					Remark
	Outstanding shares			Unissued shares	Total	
	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 14, 2024

Shareholder Composition Number	Government agency	Financial institution	Other corporation	Individual	Foreign institution and foreigner	Total
Number of people	0	0	68	18,272	60	18,400
Number of shares held	0	0	3,253,417	89,746,028	7,000,555	100,000,000
Shareholding percentage	0%	0%	3.25%	89.75%	7.00%	100.00%

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

(III) Distribution of Shareholding

April 14, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage
1 to 999	5,478	482,711	0.48%
1,000 to 5,000	11,083	20,596,565	20.60%
5,001 to 10,000	1,045	8,446,696	8.45%
10,001 to 15,000	285	3,724,880	3.73%
15,001 to 20,000	173	3,220,251	3.22%
20,001 to 30,000	142	3,707,497	3.71%
30,001 to 40,000	50	1,830,984	1.83%
40,001 to 50,000	36	1,711,049	1.71%
50,001 to 100,000	61	4,264,081	4.26%
100,001 to 200,000	22	3,202,961	3.20%
200,001 to 400,000	11	3,162,000	3.16%
400,001 to 600,000	7	3,477,562	3.48%
600,001 to 800,000	1	691,000	0.69%
800,001 to 1,000,000	0	0	0.00%
More than 1,000,001	6	41,481,763	41.48%
Total	18,400	100,000,000	100.00%

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

April 14, 2024

Name of major shareholder	Shareholding	Number of shares held	Shareholding percentage
Jui-Fu Liu		18,346,787	18.35%
Chi-Shan Liu		7,598,911	7.60%
Su-Chen Yang		7,256,001	7.26%
Chih-Chun Liu		4,375,567	4.38%
Chuan Gao Investment Co., Ltd.		2,717,497	2.72%
HSBC Bank (Taiwan) is entrusted with the custody of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account		1,187,000	1.19%
Citibank Taiwan Ltd is entrusted with the custody of Berkeley Capital Securities Investment Account		691,000	0.69%
Chih-Yung Li		583,000	0.58%
JPMorgan Chase Bank N.A. Taipei Branch is entrusted with the custody for BUMA Global Fund I Investment Account		546,000	0.55%
HSBC Bank (Taiwan) is entrusted with the custody for Arcadian Emerging Market Micro Capital Securities Master Fund		537,000	0.54%

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

Item		Year	2022	2023
Market price per share (Note 1)	Highest		32.10	84.00
	Lowest		22.85	25.45
	Average		27.37	62.78
Net worth per share (Note 2)	Before distribution		20.50	21.14
	After distribution		18.30	18.74
Earnings per share	Weighed average number of shares		100,000,000	100,000,000
	Earnings per share (Note 3)	Before adjustment	2.51	2.78
		After adjustment	2.51	2.78
Dividends per share	Cash dividends		2.20	2.40
	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)		10.40	20.30
	Price to dividends ratio (Note 6)		11.86	23.52
	Cash dividends yield (Note 7)		8.43%	4.25%

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

(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 2023 net profit after-tax was NTD 278,293,248, of which NTD 27,613,120 was set aside as a legal reserve, and the earnings available for distribution this year was NTD 724,967,745. For the 2023 earnings appropriation, the Board of Directors resolved to appropriate cash dividends of NTD 240,000,000 (NTD 2.4 per share).

(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 2023 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\$10,300,000 in cash and for directors of NT\$0. The proposed distribution amount is not different from the estimated amount of expenses recognized in 2023.
- (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 2022, the Company distributed profit-sharing remuneration for employees of NT\$9,600,000 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 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 2023	
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, establishment, and maintenance of treasury cross-banking business and financial service channel integration platform
- (7) eDDA (Digital Authorization Service) and eACH (ACH Add and Debit System) solutions planning, establishment, and maintenance services for Taiwan Clearing House
- (8) Planning, construction and maintenance services for medical information management solution
- (9) Planning, construction and maintenance services for intelligent bed solution
- (10) Planning, construction and maintenance services for NIS solution
- (11) Planning and construction of Network-Cloud network architecture
- (12) Planning, construction, and design services for telecommunications and enterprise SDDC
- (13) Planning, construction, and design services for SD-WAN
- (14) Planning, construction, and design services for SASE solution
- (15) Planning, construction, and design services for road management and automated information security solutions
- (16) Planning and construction for AI platform storage system
- (17) Planning, construction, and maintenance services for telecommunication network backbone
- (18) Overall planning, design and construction of large data center
- (19) Customized design of telecommunication network management, information security and continuous configuration solutions
- (20) Planning, construction and maintenance services for telecom value added service application solutions
- (21) Smart mobile ticketing system
- (22) Intelligent operation management system for bus transfer stations
- (23) Planning, construction, maintenance/continuous configuration services for public service agency shared data center

- (24) 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)
- (25) 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
- (26) Planning, construction and maintenance services for HCI solution
- (27) Planning, implementation, and maintenance services for cloud-sensitive project collaboration platform and personal virtual workspace solution
- (28) Construction and maintenance/continuous configuration services for new generation security operations (SecOps) information security incident management and information security linkage platform
- (29) Planning for digital account online account opening system
- (30) Information consulting services, information security services and manpower outsourcing services
- (31) Consulting, planning and implementation services for overall information security architecture
- (32) Overall planning and design for information security (Security) area joint defense
- (33) Computer facility management outsourcing services
- (34) Professional consulting services, professional management and maintenance services
- (35) Planning, construction and maintenance services for cloud database and application system solution
- (36) SYSCOM cloud computing services and cloud technology integration solutions
- (37) System performance tuning and testing services
- (38) Planning, construction and maintenance services for futures information management solution
- (39) Planning, construction and maintenance services for securities/futures high frequency transactions
- (40) Service-based Robot, Ayuda
- (41) E-Government Planning, Construction & Maintenance Services
- (42) Self-developed enterprise integrated solutions and sales for AI, 5G, information security, big data and cloud applications
- (43) (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) Intelligent service robot - AYUDA
- (3) DBMaker Docker Image
- (4) Shopping mall robots
- (5) Anti-pandemic service robots
- (6) OMFLOW Continuous Configuration Automation module
- (7) Opus One IP Continuous Configuration Management Platform (Version 1.5.5 and 1.5.6)

(II) Industry overview

1. Current status and development of the industry

The government has established the Ministry of Digital Affairs to spearhead the development of the digital industry. Recently, it plans to promote the “Big Software Project”, which will make good use of Taiwan’s hardware advantages to drive the software industry, create a good foundation for digital development, and promote the upgrade of the digital economy industry to help the domestic digital industry to meet the big software era, and become Taiwan’s new trillion industry. Benefited from the generative AI trend, the increasing demand for information security and compliance, enterprises are investing more resources in areas such as data sovereignty, digital resilience, and supply chain reshaping. Taiwan’s information service market will show healthy and steady growth in 2023.

Information and communication technology is widely used in smart life, urban and rural areas, medical care, transportation, manufacturing and other fields, and AI is accelerating the

development of the industry. Looking forward to 2024, as the demand for cloud migration of enterprises continues, the management of hybrid environment has become the focus of growth in the information service market. As a major information service provider in Taiwan, the Company actively expands its business through hybrid cloud management, industrial cloud, cloud security and other solutions. The continuous expansion of AI terminal applications and the upgrade of hardware specifications are expected to usher in a new wave of machine replacement; in the future, the combination of 6G, satellite communication, IoT, artificial intelligence and other technologies, as well as the continuous evolution of cloud data centers, will provide more stimulation and challenges for the market.

2. Correlations among the upstream, midstream and downstream industries

Information technology service refers to the provision of professional infrastructure services, development and deployment services, business process services, consulting services, software support services, and hardware maintenance and operation total solution services to customers according to their specific operational needs. Revenues are primarily derived from the value of services rendered. 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.

Syscom has been committed to large-scale system integration and information application services since its establishment, and continues to introduce various cutting-edge products and advanced technologies, utilizing the rich domain know-how accumulated in different fields, we provide customers with the best quality professional information services and assist enterprises in promoting digital transformation and development. Upstream players include domestic and foreign software and hardware manufacturers or agents such as Cisco, Dell/EMC, Fortinet, HPE, VMWare, and more, as well as Google Cloud Services and Microsoft Cloud Services. Downstream covers end-user organizations such as financial institutions, telecom operators, government agencies, medical institutions, transportation, educational institutions, manufacturing industries, and retail distribution.

3. Development trends and competition of products

(1) Information security

The year 2023 can be said to be the year of the great leap forward in technology. Enterprises have begun to turn to technologies such as artificial intelligence, machine learning, cloud, and Web3 and more. These breakthrough technologies that bring about transformation momentum are the motors for enterprises to improve their competitiveness, and at the same time, they have also become powerful tools for hacker attacks. Since the implementation of the “Cyber Security Management Act” and the “Financial Security Action Plan Version 2.0”, the rigid demands for corporate compliance have continued to grow; and with the increasing digitalization of the supply chain, more and more supply chain-specific cyber threats have arisen, and Taiwan’s financial institutions and semiconductor industry have put in place corresponding supply chain risk management regulations.

(2) Cloud application services

Faced with the impact of the pandemic in previous years, enterprises have accelerated their transformation and investment and actively adopted the cloud, in order to find more effective cloud maintenance operation management practices; according to the MIC survey report, in 2023, Taiwanese enterprises tend to have a positive attitude towards public cloud services, with a considerable increase in the number of enterprises adopting them and the amount of money invested. As the demand for enterprises to adopt the cloud continues, the management of hybrid environment has become the focus of growth in the information service market. Taiwan’s major information service providers are actively expanding their businesses through solutions such as hybrid cloud management, industrial cloud, and cloud-based security.

(3) Artificial Intelligence (AI)

Generative AI has been applied to all walks of life and is gradually having a pivotal impact on people’s livelihood and society. There are many applications worthy of investment and introduction in content creation, business services, R&D and manufacturing, as well as operations and supply chain; using generative AI has become a trend, but the follow-up issues such as information security, privacy, and information accuracy cannot be ignored,

which in turn gives rise to the demand for trusted AI.

(4) Smart healthcare

The National Science and Technology Council promotes the precision health strategic industry to promote the development of precision medicine, regenerative medicine, digital medicine and other industries, and to promote the formation of the industry chain. In the future, it is an inevitable trend to develop innovative biomedical technology that is cross-disciplinary. We will continue to make use of Taiwan's strengths in manufacturing and information and communication to continue to promote the application of biomedical big data, establish a smart medical and service infrastructure, and promote industrial integration and innovation through policy guidance to solidify Taiwan's energy of biomedicine, connect with the world, give back to society, and truly realize the vision of precision health for all ages by 2030.

(5) Service robots for commercial use

Taiwan has a solid foundation in the fields of information communication and automation equipment, and has the potential to develop the service robot industry. In recent years, as AI technology has matured, various businesses have further begun to incorporate AI technology into their products, hoping to provide users with better services through functions such as image recognition and speech analysis. In the future, robots will have multiple perception capabilities. Through powerful software, edge computing, and advanced sensors, robots can naturally interact with the world and solve problems and make effective decisions. They are mainly used in retail, medical care, and elderly care.

(6) New smart services derivative from smart cities

The Executive Yuan actively promotes "Smart Taiwan" so that citizens can enjoy the benefits of smart technology. Smart city refers to the use of data, communication and technology to improve urban problems. The scope of application includes six major areas: Smart environment, smart transportation, smart life, smart citizens, smart government, and smart economy. Through smart networking, cloud computing, big data, mobile internet, smart terminals and other information technologies, it is applied to the power system, water supply system, transportation system, buildings and oil and gas pipelines, factories, offices, homes and other production and manufacturing or living system in order to enhance people's work efficiency and quality of life.

(7) Green/sustainable IT

ESG and green sustainability have become the key business challenges that enterprises must face after the COVID-19 pandemic. To a large extent, the growth momentum of sustainable development services comes from the continuous pressure from regulators on enterprises. The coercive pressure also forces companies to accelerate the development of key processes and sustainability management tools. AI analysis and other smart technologies can help companies optimize their ESG strategies and ensure compliance with the latest trends and standards. However, the promotion of generative AI and the rapid expansion of the IoT are posing increasing pressure on global data centers, and posing greater challenges to power consumption and carbon emissions.

(8) Outsourcing services

Establishing a sound and stable IT maintenance and operation plan is an important part of an enterprise's sustainable operation plan. The recent wave of digital transformation, especially in the fields of artificial intelligence and information security protection, has increased the complexity of managing IT infrastructure within an organization, and the cost of configuration, operation, and management of IT infrastructure has continued to rise, prompting enterprises to adopt managed IT services mode. The IT outsourcing service will continue to evolve, showing a trend of diversification and specialization, to meet the needs of enterprises in new technologies such as cloud computing, big data, and artificial intelligence.

(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
2022	230,033	3.87%
2023	242,585	3.80%

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) Next Generation Healthcare Information Syscom

The Next Generation Healthcare Information Syscom (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.

(8) 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.

(9) 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.

(10) 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.

(11) NETCenter

NET Center is an IT monitoring and management software developed by Syscom, which helps IT administrators to fully control the status of the IT architecture and information management solutions. It helps enterprises to flexibly face various information challenges and effectively manage the increasing number of network devices. In the latest version, the ten major functional modules are re-defined so that users can jump out of the original IT (information) vision and expand to the Security (information security) level, and Business (operation) and other three-way integration management. An “All-round enterprise war room” needs to be built and the following new functions should be developed:

- a. DNS monitor function
- b. Content verification rules
- c. VM alarm function
- d. Firmware history
- e. F5/QOS file list
- f. SFP optical transmission power monitoring module

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) 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

(17) 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.

(18) 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.

(19) 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.

(20) 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.

(21) Intelligent service robot-AYUDA

The Syscom intelligent service robot Ayuda has been researched and developed for many years. Since the emergence of generative AI technology at the end of 2022, the Ayuda service robot has been equipped with the R&D capabilities, and the added value of using generative AI will drastically change the service robots to become smarter and more humanized.

The series of products developed by the Syscom intelligent service robot (as shown below):

- a. Ayuda
 - Mobile, head and hand movable
 - Human detection, face recognition
 - Voice recognition and answering questions
 - Video connection and remote monitoring
 - Self-built maps and guided cruise
- b. Ayuda Cute
 - Provides face recognition and card swiping for body temperature measurement

- Provide back-end management of face recognition data and employee measurement data
 - Abnormality can be reported through Line
 - Provide customized API concatenation function
- c. Ayuda Nano
- Used for access control, providing face recognition, card swiping, body temperature measurement
 - Streamlined form factor to reduce costs
 - Provide face recognition, card swiping in series with the access control system to open the door
 - The function of measuring body temperature (Option)
- d. Ayuda Nano Super
- Provide face recognition, mask detection, and body temperature measurement functions
 - Travel history inquiry function
 - Provide check-in records with health insurance card, ID card
 - Provide card readers, Barcode Reader, printers and other input/output devices

Adopting the widely accepted international standard ROS (Robot Operation System) in the robotics field, integrating the professional systems that have been established by Syscom, such as police administration, medical care, banking, and more, to innovate value-added applications and build a professional service robot in the field. The emergence of generative AI has made service robots even more powerful. The generative AI solution of Syscom, NeoChain, acts as a middle layer between human beings and generative AI. This middle layer is pre-processed and embedded with the enterprise's own knowledge database, including documents, web pages, forms, and more. When a user asks a question, the generative AI first determines the user's intention, and the middle layer finds the correct answer first, and then summarizes the response through the generative AI, repeatedly asking the generative AI through Prompt to obtain the final and accurate answer.

(22) AI Imaging Expert Platform VIAMaster

The technical core value of the "AI Imaging Expert Platform VIAMaster" lies in the development of artificial intelligence applied to image recognition and solutions for rapid training, rapid deployment, and real-time application. 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, surveillance industries, and financial industries to implement the technology of this solution in smart security applications such as public safety, and combined with the wearable camera images returned by real-time analysis and identification can help reduce manpower, the intelligentization of security work, and continue to add applications to new areas, such as job site security monitoring, road traffic monitoring, and pedestrian flow safety monitoring at shopping mall transfer stations.

(23) 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.

(24) 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

(25) 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.

(26) 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.

(27) 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.

(28) 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.

(29) Big data database multi-level dynamic column R&D project

- a. Support for Multiple Level Dynamic Column (MLDC) and Json Path due to the advent of new technology trends such as Big Data and IoT, there is an increased demand for storing and analyzing large amounts of different types of data with high variability, and it is important to look for price trends, data models, and predictions of consumer behavior from huge amounts of data as a reference for decision-making. This project especially provides flexible multi-level dynamic fields and JSON PATH, which can be added at any time and in real time to multi-level data fields, such as sub-item data, so that the data access can have richer layers, become more flexible and convenient.

The multi-level dynamic column of this project uses an easy-to-configure and extensible Lua module to serialize the data treemap, data encapsulation, and data encoding on multi-level data, and can quickly sort the data structure to improve data readability, and it can achieve the data complexity of $O(h)$ (h is the height of the structure tree), and has data security.

b. Aggregate Function

In terms of data analysis, the statistical summary function is provided to obtain the maternal standard deviation (STDDEV_Pop), sample standard deviation (STDDEV_SAMP), maternal variation (VAR_Pop), and sample variation (VAR_SAMP) from big data to assist in the subsequent establishment of statistical models and trend forecast.

In addition to providing statistical summary functions, it also allows users to write complex aggregation functions easily for application in more statistical analysis and OLAP operations, making it a powerful tool for big data analysis.

- STDDEV_POP: Maternal standard deviation
- STDDEV_SAMP: Sample standard deviation
- VAR_Pop: Maternal Variation
- VAR_SAMP: Sample variation

(30) Java Database Connectivity Native Protocol Driver Interface R&D Project

The JDBCType4 database with direct-to-database-driver, also known as the pure Java driver interface, provides the following functions:

- a. Database connection: The Type 4 driver interface allows the Java application to establish the connection with the relational database. This is its most basic function, which enables the application to access and operate the data in the database.
- b. Cross-platform: Since Type 4 driver interface is pure Java, it can be run on various operating systems to achieve cross-platform. This enables developers to write highly portable code without worrying about compatibility issues on different platforms.
- c. High performance: The Type 4 driver interface directly transmits the request of the Java application to the database without the need for a middle layer or a local client. This reduces the communication and processing overhead and improves the performance of database operations.
- d. Simplified configuration: Type 4 driver interface does not require client installation, thus, they reduce the configuration requirements of application programs. This simplifies the deployment process and reduces potential issues.
- e. Security: The Type 4 driver interface can implement security, including identity verification and authorization mechanism, to ensure that only authorized users can access the database. It also supports network transmission encryption to improve database security.
- f. Ease of development: Type 4 driver interfaces usually provide intuitive and simple API, which enable developers to establish database connections, execute SQL queries, and process data more easily. This helps to improve development efficiency.

(31) Hyper Automation Scanning Task Framework

Provide a reusable, hyper automation scanning task framework that can effectively reduce the use of scanning OP manpower and shorten the scanning process. 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.

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

Syscom has been established for nearly 50 years. It has been adhering to professional information services, assisting enterprises and government organizations to promote digital transformation 2.0 with AI, and continues to target trend applications such as information security needs, cloudification, and massive data analysis, to seize the opportunities and break new ground.

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

1. Short-term business development plan

- (1) Integrate system management tools to improve the efficiency and quality of corporate operations.
- (2) Expand core products and professional technical services to improve overall profitability.
- (3) Develop a knowledge-based economy that includes generative AI, cloud services, 5G, and information security.
- (4) Develop transportation, security and business applications with intelligent operating platforms.
- (5) Alliance with outstanding domestic manufacturers to explore business opportunities in various industries at home and abroad.

2. Long-term business development plan

- (1) Cultivate high-quality IT talents and implement continuous improvement of total quality.
- (2) Enhance corporate growth and innovation, and commit to the sustainable development of ESG.
- (3) Demonstrate powerful system capabilities and help enterprises upgrade digital transformation with the results of generative AI.
- (4) Bridging the application of cutting-edge technology industries and forming an alliance with Taiwan team for 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	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products								
System Integration Service & Computer/Peripheral Sales	(Note)	4,321,405	(Note)	262,043	(Note)	4,547,241	(Note)	361,252
Computer & Peripheral Maintenance	"	1,349,167	"	-	"	1,457,539	"	-
Computer & Peripheral Lease	"	17,909	"	-	"	17,788	"	-
Total	"	5,688,481	"	262,043	"	6,022,568	"	361,252

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

(2) Domestic sales are mainly in the domestic market. Export refers to the revenue of the export of the individual companies and the revenue from overseas sales of the consolidated companies based on the location of operations, mainly in Mainland China, the United States and Southeast Asia.

2. Market share of main products:

Benefited from the stable growth in demand for artificial intelligence, 5G, cloud services, information security and other related applications, coupled with the digital transformation and green and sustainable dual-axis transformation, the demand for information system services has increased, expanding from internal information systems and software packages to full system integration, driving the market scale of the computer and information service industry to expand year by year. The Ministry of Economic Affairs estimates that the output value of information service software in Taiwan will reach NTD 550 billion in 2023, a growth of about 10%. Syscom is an information provider with software and services as its main business. “One vendor provides complete solutions” is the core idea of the Company. We always think about what customers need from their standpoint.

Since its establishment nearly 50 years ago, Syscom has introduced a variety of cutting-edge products and technologies, as well as outstanding software development and integration capabilities to help customers in finance and securities, telecommunications, medical institutions, government and police administration, and high-tech manufacturing industries to successfully meet challenges.

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

- (1) According to IDC’s survey report, the overall ICT spending of Taiwan’s industry is expected to grow by 3.7% in 2024. In particular, in terms of IT spending, the growth rate jumped to 5%; among which, the positive growth rate of 7.2% for software services is the highest, followed by hardware at 4.8%. In terms of application, emerging technology markets such as AI, blockchain, and AR/VR will attract the attention of more enterprises, and the growth potential is promising.
- (2) As the technology and services of cloud computing become more and more mature, the crises and conflicts triggered by geopolitics continue to drive the demand for enterprises to adopt the cloud. Government agencies and organizations are becoming more and more dependent on third-party service providers, and the completeness of network security becomes more and more important. The management of hybrid environment has become the focus of growth in the information service market, such as hybrid cloud management, industrial cloud, cloud security and other solutions.
- (3) The government has benefited from the rapid development of online marketing and the continuous promotion of digital transformation business opportunities. In recent years, smart technology applications such as high-performance computing, cloud data processing, and the IoT have boosted corporate demand for information system services and boosted the computer and information service industry. The market scale is expanding year by year.
- (4) AI applications and related infrastructure will continue to drive the upgrade of network bandwidth. It is expected that the telecommunication service and data center markets will still have related demand for netcom equipment. In the process of 5G and 6G evolution, geopolitics, net zero sustainability, digital resilience and other key issues will closely affect the direction of 6G international competition and cooperation and technology development.
- (5) The “5G dedicated frequency network” has been available for enterprises to apply for 5G private network since June 5, 2023, officially entering the business transformation era of 5G dedicated frequency and network. Enterprises use a dedicated network in a specific area to provide safe and high-quality dedicated network services. It can also help enterprises carry out digital transformation according to the application needs of different areas of business.
- (6) The Ministry of Health and Welfare (MOHW) promotes smart healthcare, “Acceleration of medical information system innovation” promotes next-generation healthcare platforms, and carries out work on the standardization of data standards across the ministry’s various departments, including the construction of an innovative platform for next-generation healthcare data sharing and the “comprehensive promotion of telemedicine”.
- (7) In response to the challenges of Taiwan’s super-aging society, the Industrial Development Administration, Ministry of Economic Affairs promotes smart health care and executes the “Smart Health Care Industry Development Promotion Program” to assist domestic manufacturers in cross-industry collaboration to develop innovative health care products and services. The use of information and communication technology, IoT, AI and other technologies to develop medical care solutions has become a global trend and is inevitable.
- (8) The “Taiwan AI Action Plan 2.0” (2023-2026) approved by the Executive Yuan in 2023. Through the deep cultivation of AI technology and the development of the AI industry and industrial application of AI, and with the 5+2 industrial innovation program, together with

the forward-looking infrastructure plan, we will jointly promote the popularization of the application of intelligent science and technology and services, and drive the transformation and upgrading of the country's overall industry.

- (9) On September 25, 2023, the Public Works Committee of the Executive Yuan officially announced the "Reference List of Basic Information Security Requirements Common to All Types of Information (Services) Procurement" and "Information Service Procurement Operational Guidelines" as a reference for information security specification on the level of security protection of the information system of each agencies. The goal is to achieve "Improvement and assurance of agency information security protection strength" and "Increase procurement efficiency and reduce contract performance disputes" in the short term. In the long run, the two major objectives of "Using government procurement to guide the industry's information security capability" and "Using reasonable costs to create an environment for industry growth" can be realized.
- (10) As countries gradually implement carbon tariffs and international brands gradually increase their requirements for carbon reduction from suppliers, the disclosure of carbon emission data has changed from voluntary to mandatory, testing the deployment of carbon management in the supply chain. IDC points out that carbon emission management will evolve from single product and technology innovation to cross-platform and process integration innovation. The establishment of a data-driven digital business platform will become the key technology for enterprises to control carbon emission information, and its deployment will also become more diversified, and phased in across different industries and different scales of enterprises.

4.Competitive advantages:

Syscom is the most representative system integration company in Taiwan. Since its establishment, through the introduction of various cutting-edge products and technologies, as well as outstanding software development and integration capabilities, it has helped the digital transformation of customers such as financial securities, telecommunications, medical institutions, government and police administration, transportation and high-tech manufacturing industries. Syscom's commitment to customer service and professional execution quality is obvious to all. Not only is it the only domestic vendor that has passed the highest level of CMMI ML5 in the International Software Quality Assessment twice, but has also been affirmed twice by the National Quality Award. It has introduced quality management and capacity utilization into the entire company, and has assisted the automatic supply and installation of internal information and communication equipment with self-developed products, expand the effect of energy saving and emission reduction, and move towards a total quality and sustainable management.

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 accumulated professional experience and services, Syscom's forward-looking demand planning, infinitely expandable software/hardware architecture, and dedicated technical talents help enterprises build a cloud-earth integrated digital nervous system to promote enterprise digital Transformation 2.0.

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 excellent talents and has a large number of engineers with

analysis and development capabilities in finance, medical care, government, aerospace, telecommunications, networking and other industries. It has strong R&D strength and leads the domestic industry in terms of the number of trademarks and patents obtained.

- D. SYSCOM COMPUTER corporate brand is well-recognized by its customers for its stable management and financial soundness. Its service fields cover finance and securities, telecommunications, medical institutions, government and police administration, transportation, high-tech manufacturing, and smart retail and more, among other things, its customers are all over the world and many of them are serving as benchmarks for leading companies in various industries, and have customers with more than 20 to 30 years of cooperation.
- 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 has 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. 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. It is not easy to develop technology talents 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. With the outflow of IT talents, it is not easy to retain technical experts. In addition to the traditional IT system architecture technical talents, more emerging digital technology software talents are attracted and transferred to the new economic markets (such as Mainland China).
- C. Due to the lack of experience and expertise in developing the service economy in Taiwan, the lack of cases and learning processes for innovative applications and business models, there is a limited scale of the domestic market, and the information service industry is highly competitive and homogeneous.
- D. The current Government Procurement Act does not have a special plan for innovative procurement, as product specifications and prices are not easily recognized, and price competition is more likely to exploit manufacturers' profits.
- E. Geopolitics and the US-China tech war continue to accelerate the restructuring of the global supply chain. The Red Sea Crisis increases the risk of global inflation and affects the delivery of goods.

Countermeasures :

- Strengthen software R&D and application, deepen the service process SOP with self-developed products, expand application services, and strengthen the application and promotion of core products and 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.
- Establish the “Future Committee Alliance” to communicate regularly through the information communication platform, interact with domestic start-ups with key technologies, and find more potential partners or new talents to lead the domestic information to serve the industry to grow, transform and upgrade together.
- The Company's talent cultivation goal is to adopt advanced information technology and the development of well-rounded talents. Talent recruitment and promotion are carried out through diversified channels such as the “T Ambassador Program” , “Industry-Academia Cooperation”, “Talent Database”, “Physical Activities”, and “Recruitment Channels”.
- Make good use of government resources to promote industrial advanced information applications in line with government policies; and actively advise the

government through the industry association platform to promote the development of the industry.

- 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.
- Maintain long-term cooperative relations with domestic and foreign suppliers, jointly establish a stable and sustainable supply chain, ensure the quality, delivery and price of suppliers' products, and implement risk management and business continuity plans.

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

1. Important applications of main products:

Based on the global system integration market, Syscom acts as the agent of world-renowned IT-related software and hardware products: HPE/Cisco/Microsoft/Fortinet/VMWare, and according to customer demand to carry out software and hardware system integration and application software development to assist customers in digital transformation. After the completion of the project, the software and hardware products and services can be upgraded to maintenance and warranty services according to the project specifications. The service fields cover: Finance and securities, telecommunications, medical institutions, government and police administration, transportation, e-retail and high-tech manufacturing and more.

During the production process, the Company strictly follows the CMMI-Dve v1.2 Maturity Level 5 software process, and uses the self-developed project management platform, Software Development Process Master (SDPM) to formulate standard operating procedures for the software design and development process, through quantitative management, to have a clear understanding of the project status, to take preventive and corrective measures in advance, and to improve work efficiency. In recent years, it has expanded its introduction to technical service project management, and used the Technical Service Management (TSM) to manage customers' equipment installation, maintenance, and warranty projects, in order to provide customers with the most satisfied quality and service. Syscom also uses its own R&D products, such as OMFLOW and NET Center, to strengthen the functions of automation, real-time, and visualization, assisting the automatic provisioning of internal information and communication equipment, improving efficiency, and reducing labor cost, thereby further expanding the effectiveness of energy conservation and emission reduction.

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	2022				2023			
	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
1	Customer A	536,647	9.02%	None	Customer A	519,982	8.15%	None
	Total	536,647	9.02%		Total	519,982	8.15%	
	Net sales	5,950,524	100.00%		Net sales	6,383,820	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	2022				2023			
	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
1	Zero One Technology	313,135	11.98%	None	Metaage	487,693	17.32%	None
2	Metaage	284,485	10.88%	None	Zero One Technology	304,866	10.82%	None
3					Microsoft	281,824	10.01%	None
	Total	597,620	22.86%		Total	1,074,383	38.15%	
	Net purchases	2,613,654	100.00%		Net purchases	2,816,571	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	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
System Integration Service & Computer/Peripheral Sales	(Note)	4,321,405	(Note)	262,043	(Note)	4,547,241	(Note)	361,252
Computer & Peripheral Maintenance	"	1,349,167	"	-	"	1,457,539	"	-
Computer & Peripheral Lease	"	17,909	"	-	"	17,788	"	-
Total	"	5,688,481	"	262,043	"	6,022,568	"	361,252

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

(2) Domestic sales are mainly in the domestic market. Export refers to the revenue of the export of the individual companies and the revenue from overseas sales of the consolidated companies based on the location of operations, mainly in Mainland China, the United States and Southeast Asia.

III. Information on employees

Year		As of the end of 2022	As of the end of 2023
Number of employees		1,187	1,266
Average age		40.72	41.14
Average years of service		9.13	9.33
As a percentage of education distribution	Doctorate	0	1
	Master	242	282
	College (including above)	928	964
	Senior high school (including below)	17	19

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
- (1) Workplace diversity policy:
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) Implement diversity in the workplace:
- A. The Company's male and female employees have equal opportunities for promotion. Female employees account for 31.12%, and female managers account for 21.09% of the Company's managers.
- B. 99.76% were of Taiwanese nationality, 0.24% of foreign nationals, 0.47% of indigenous people, and 1.03% of persons with disabilities.
- C. 19.43% of employees are under the age of 30, 54.98% are between the ages of 30 and 50, and 25.59% are over the age of 50.
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 2023, the Company had 7,263 attendance in internal training and external training, and the cost of education and training was approximately NT\$6.75 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) The building is disinfected every six months and the floor cleaning and waxing operations are carried out every month; in line with the post-pandemic prevention measures, the Company continues to strengthen the promotion of the concept of public health and cleaning and disinfection. Every day, colleagues and visitors to the Company are still recommended to wear masks and continue to measure body temperature and hands are disinfected. Alcohol and antibacterial hand sanitizer is placed at the entrance of each floor. Antibacterial hand sanitizer is also placed in the pantry. Alcohol/antibacterial hand sanitizer is also placed in each meeting room for colleagues and 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) General safety and health on-the-job training courses are held each year. In 2023, a total of 1,266 person-times and a total of 3,798 man-hours were held.
- (12) 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.
- (13) 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.
- (14) We provide employees with term life insurance and accident insurance to increase their job protection.
- (15) We provide a family-friendly workplace environment for employees by setting up a breastfeeding room.
- (16) The Company has completed fire safety facilities, and conducts routine employee fire escape drills and related education and training courses every year to reduce the probability of fire, and there was no fire incident in 2023.

- (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 2023 was reported to the Board of Directors on December 14, 2023.

(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 27701:2019) 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 27701:2019
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. Continue to improve the Company's internal information security
Continue to take stock of information and upgrade its information security protection mechanism. EDR protection is expected to be added. Internal offensive and defensive drills are expected to find information security loopholes and strengthen them.

(V) Annual information security risk status

1. Continue to maintain and refine ISO20000, ISO27001, ISO27701 and BS10012 information security management system. In 2023, there were 9 audits and 34 units were audited by the third-party. The validity audit was completed by the end of 2023.
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 October 2023, information security education and training courses were held for 1,270 employees, totaling 4,445 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				
		2019	2020	2021	2022	2023
Current assets		3,433,397	3,554,576	3,502,741	3,764,749	4,016,109
Property, Plant and Equipment		407,341	362,489	370,818	357,328	362,728
Intangible assets		20,489	3,656	2,743	2,410	2,312
Other assets		456,962	369,145	358,027	310,453	465,121
Total assets		4,318,189	4,289,866	4,234,329	4,434,940	4,846,270
Current liabilities	Before distribution	2,277,355	2,215,942	2,136,747	2,284,257	2,612,316
	After distribution	2,377,355	2,365,942	2,326,747	2,504,257	2,852,316 (Note 1)
Non-current liabilities		225,952	179,220	122,825	95,870	116,650
Total liabilities	Before distribution	2,503,307	2,395,162	2,259,572	2,380,127	2,728,966
	After distribution	2,603,307	2,545,162	2,449,572	2,600,127	2,968,966 (Note 1)
Equity attributable to shareholders of the parent		1,797,504	1,882,901	1,964,116	2,049,845	2,114,207
Capital stock		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital surplus		1,130	1,521	1,547	1,547	1,797
Retained earnings	Before distribution	811,036	898,606	969,490	1,044,551	1,100,682
	After distribution	711,036	748,606	779,490	824,551	860,682 (Note 1)
Other equity interest		(14,662)	(17,226)	(6,921)	3,747	11,728
Treasury stock		-	-	-	-	-
Non-controlling interest		17,378	11,803	10,641	4,968	3,097
Total equity	Before distribution	1,814,882	1,894,704	1,974,757	2,054,813	2,117,304
	After distribution	1,714,882	1,744,704	1,784,757	1,834,813	1,877,304 (Note 1)

Note 1 : Proposal of the Company's 2023 earnings appropriation, the Board of Directors resolved on March 12, 2024 to distribute cash dividends.

Note 2 : The financial information for the first quarter of 2024 has not been reviewed by CPAs and has not been disclosed as of the date of publication of the annual report.

2.Parent Condensed Balance Sheet–Based on IFRS

Unit: Thousands of NTD

Unit: Thousands of NTD

Item \ Year		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		2,898,081	3,211,798	3,153,985	3,426,661	3,707,640
Property, Plant and Equipment		376,412	333,917	343,436	328,345	336,501
Intangible assets		8,812	957	592	492	392
Other asset		670,066	547,488	526,092	489,557	645,571
Total assets		3,953,371	4,094,160	4,024,105	4,245,055	4,690,104
Current liabilities	Before distribution	1,940,914	2,038,238	1,924,679	2,040,140	2,372,008
	After distribution	2,040,914	2,188,238	2,114,679	2,260,140	2,612,008 (Note 1)
Non-current liabilities		214,953	173,021	135,310	155,070	203,889
Total liabilities	Before distribution	2,155,867	2,211,259	2,059,989	2,195,210	2,575,897
	After distribution	2,255,867	2,361,259	2,249,989	2,415,210	2,815,897 (Note 1)
Capital stock		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Capital surplus		1,130	1,521	1,547	1,547	1,797
Retained earnings	Before distribution	811,036	898,606	969,490	1,044,551	1,100,682
	After distribution	711,036	748,606	779,490	824,551	860,682 (Note 1)
Other equity interest		(14,662)	(17,226)	(6,921)	3,747	11,728
Treasury stock		-	-	-	-	-
Total equity	Before distribution	1,797,504	1,882,901	1,964,116	2,049,845	2,114,207
	After distribution	1,697,504	1,732,901	1,774,116	1,829,845	1,874,207 (Note 1)

Note 1 : Proposal of the Company's 2023 earnings appropriation, the Board of Directors resolved on March 12, 2024 to distribute cash dividends.

(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				
	2019	2020	2021	2022	2023
Operating revenue	5,910,857	5,757,866	5,869,595	5,950,524	6,383,820
Gross profit	1,244,168	1,310,988	1,424,263	1,518,500	1,660,878
Income from operations	100,240	163,353	254,826	264,405	285,459
Non-operating income and expenses	50,496	49,545	17,031	40,251	44,048
Income before tax	150,736	212,898	271,857	304,656	329,507
Income from operations of continued segments (after tax)	124,937	166,842	214,977	244,945	276,638
Income from discontinued operations	-	-	-	-	-
Net income (Loss)	124,937	166,842	214,977	244,945	276,638
Other comprehensive income (after tax)	(8,314)	15,030	15,297	25,146	5,961
Total comprehensive income	116,623	181,872	230,274	270,091	282,599
Net income attributable to shareholders of the parent	129,150	169,958	215,822	250,730	278,293
Net income attributable to non- controlling interest	(4,213)	(3,116)	(845)	(5,785)	(1,655)
Comprehensive income attributable to Shareholders of the paren	121,125	185,006	231,189	275,729	284,112
Comprehensive income attributable to non- controlling interest	(4,502)	(3,134)	(915)	(5,638)	(1,513)
Earnings per share(NT\$)	1.29	1.70	2.16	2.51	2.78

Note 1 : The financial information for the first quarter of 2024 has not been reviewed by CPAs and has not been disclosed as of the date of publication of the annual report.

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

Unit: Thousands of NTD

Item \ Year	Financial Summary for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	5,411,715	5,481,240	5,578,076	5,674,679	6,115,419
Gross profit	1,112,588	1,223,666	1,320,916	1,417,403	1,550,938
Income from operations	134,584	212,777	283,481	291,698	298,837
Non-operating income and expenses	22,447	2,316	(11,302)	17,954	32,264
Income before tax	157,031	215,093	272,179	309,652	331,101
Income from operations of continued segments (after tax)	129,150	169,958	215,822	250,730	278,293
Income from discontinued operations	-	-	-	-	-
Net income (Loss)	129,150	169,958	215,822	250,730	278,293
Other comprehensive income (after tax)	(8,025)	15,048	15,367	24,999	5,819
Total comprehensive income	121,125	185,006	231,189	275,729	284,112
Net income attributable to shareholders of the parent	129,150	169,958	215,822	250,730	278,293
Net income attributable to non- controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	121,125	185,006	231,189	275,729	284,112
Comprehensive income attributable to noncontrolling interest	-	-	-	-	-
Earnings per share (NT\$)	1.29	1.70	2.16	2.51	2.78

(III)Auditors' Opinions in the last five years

Year	Accounting Firm	CPA	Audit Opinion
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
2023	Deloitte & Touche	Li-Wen Kuo 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				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	57.97	55.83	53.36	53.67	56.31
	Ratio of long-term capital to property, plant and equipment	510.01	572.13	565.66	601.88	615.88
Solvency (%)	Current ratio	150.76	160.41	163.93	164.81	153.74
	Quick ratio	120.26	122.06	136.41	128.17	119.73
	Interest earned ratio (times)	10.99	24.20	56.71	39.93	20.29
Operating performance	Accounts receivable turnover (times)	5.51	4.84	4.32	3.87	4.36
	Average collection period	66.24	75.41	84.49	94.31	83.71
	Inventory turnover (times)	11.31	8.71	10.22	11.71	10.13
	Accounts payable turnover (times)	4.15	3.13	3.13	3.24	3.29
	Average days in sales	32.27	41.90	35.71	31.16	36.03
	Property, plant and equipment turnover (times)	14.51	15.88	15.83	16.65	17.60
	Total asset turnover (times)	1.37	1.34	1.39	1.34	1.32
	Return on total assets (%)	3.58	4.05	5.14	5.80	6.26
Profitability	Return on stockholders' equity (%)	7.00	9.00	11.11	12.16	13.26
	Ratio of pre-tax income to paid-in capital (%)	15.07	21.29	27.19	30.47	32.95
	Profit ratio (%)	2.11	2.90	3.66	4.12	4.33
	Earnings per share (NT\$)	1.29	1.70	2.16	2.51	2.78
Cash flow	Cash flow ratio (%)	(3.91)	24.99	8.98	9.28	25.02
	Cash flow adequacy ratio (%)	100.34	103.74	121.40	104.88	117.21
	Cash reinvestment ratio (%)	(6.54)	20.72	1.88	0.94	18.83
Leverage	Operating leverage	-	-	-	-	-
	Financial leverage	-	-	-	-	-
Analysis of financial ratio differences for the last two years : not applicable.						

Note 1: The financial information for the first quarter of 2024 has not been reviewed by CPAs and has not been disclosed as of the date of publication of the annual report.

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				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	54.53	54.01	51.19	51.71	54.92
	Ratio of long-term capital to property, plant and equipment	534.64	615.70	611.30	671.52	688.88
Solvency (%)	Current ratio	149.32	157.58	163.87	167.96	156.31
	Quick ratio	115.64	117.10	134.96	128.88	119.72
	Interest earned ratio (times)	32.2	57.6	176.7	990.3	118.8
Operating performance	Accounts receivable turnover (times)	5.54	5.07	4.42	3.94	4.46
	Average collection period	65.88	71.99	82.57	92.63	81.83
	Inventory turnover (times)	11.41	8.81	10.37	12.27	10.36
	Accounts payable turnover (times)	3.97	3.07	3.04	3.15	3.20
	Average days in sales	31.98	41.43	35.19	29.74	35.23
	Property, plant and equipment turnover (times)	14.38	16.41	16.24	17.28	18.17
	Total asset turnover (times)	1.37	1.34	1.39	1.34	1.30
Profitability	Return on total assets (%)	3.77	4.30	5.35	6.07	6.28
	Return on stockholders' equity (%)	7.32	9.24	11.22	12.49	13.37
	Ratio of pre-tax income to paid-in capital (%)	15.70	21.51	27.22	30.97	33.11
	Profit ratio (%)	2.39	3.10	3.87	4.42	4.55
	Earnings per share (NT\$)	1.29	1.70	2.16	2.51	2.78
Cash flow	Cash flow ratio (%)	(1.72)	26.27	11.23	11.21	27.92
	Cash flow adequacy ratio (%)	100.36	95.85	119.07	103.94	117.73
	Cash reinvestment ratio (%)	(4.00)	20.27	3.00	1.63	18.79
Leverage	Operating leverage	-	-	-	-	-
	Financial leverage	-	-	-	-	-

Note 1: 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 2023 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
2024 Annual Shareholders' Meeting of Syscom Computer Engineering Co.

Audit Committee Convener: Che-Fu Kung

March 12, 2024

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, 2023 are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Syscom Computer Engineering Co. and its subsidiaries do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SYSCOM COMPUTER ENGINEERING CO.

By

Jui-Fu Liu
Chairman

March 12, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Syscom Computer Engineering Company

Opinion

We have audited the accompanying consolidated financial statements of Syscom Computer Engineering Company (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

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 were audited by other auditors. Therefore, in our opinion on the consolidated financial statements as mentioned above, the amounts shown in such subsidiaries' financial statements were recognized based on the audit reports prepared by other auditors. The total assets of the above subsidiaries as of December 31, 2023 and 2022 were NT\$249,503 thousands and NT\$282,734 thousands, respectively, which represented 5% and 6% of the total consolidated assets; the net operating revenue for the years ended December 31, 2023 and 2022 was NT\$117,228 thousands and NT\$152,396 thousands, which represented 2% and 3% of the net consolidated operating revenue.

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Li-Wen Kuo and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

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

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

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

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

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

(Continued)

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

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

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

(Concluded)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

		Equity attributable to owners of the Corporation									
		Retained earnings					Other equity				
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, 2022	\$ 1,000,000	\$ 1,547	\$ 281,889	\$ 17,619	\$ 669,982	(\$ 20,350)	\$ 13,429	\$ 1,964,116	\$ 10,641	\$ 1,974,757
	Appropriation of the 2021 earnings										
B1	Legal reserve	-	-	22,088	-	(22,088)	-	-	-	-	-
B5	Cash dividends - NT\$1.9 per share	-	-	-	-	(190,000)	-	-	(190,000)	-	(190,000)
D1	Net profit for the year ended December 31, 2022	-	-	-	-	250,730	-	-	250,730	(5,785)	244,945
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	14,331	9,758	910	24,999	147	25,146
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	265,061	9,758	910	275,729	(5,638)	270,091
O1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(35)	(35)
Z1	BALANCE AT DECEMBER 31, 2022	1,000,000	1,547	303,977	17,619	722,955	(10,592)	14,339	2,049,845	4,968	2,054,813
	Appropriation of the 2022 earnings										
B1	Legal reserve	-	-	26,506	-	(26,506)	-	-	-	-	-
B5	Cash dividends - NT\$2.2 per share	-	-	-	-	(220,000)	-	-	(220,000)	-	(220,000)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	278,293	-	-	278,293	(1,655)	276,638
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(2,162)	692	7,289	5,819	142	5,961
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	276,131	692	7,289	284,112	(1,513)	282,599
C3	Unclaimed dividends	-	522	-	-	-	-	-	522	-	522
M5	Actual acquisition of interests in subsidiaries	-	(272)	-	-	-	-	-	(272)	(330)	(602)
O1	Cash dividends from subsidiary	-	-	-	-	-	-	-	-	(28)	(28)
Z1	BALANCE AT DECEMBER 31, 2023	\$ 1,000,000	\$ 1,797	\$ 330,483	\$ 17,619	\$ 752,580	(\$ 9,900)	\$ 21,628	\$ 2,114,207	\$ 3,097	\$ 2,117,304

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

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

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

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

(Continued)

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

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

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

(Concluded)

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

(Amounts in thousands of NTD, unless stated otherwise)

1. General

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

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

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

2. The Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 12, 2024.

3. Application of New and Revised Standards and Interpretations

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

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

Amendments to IAS 1 "Disclosure of Accounting Policies"

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

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

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

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

Refer to Note 4 for related accounting policy information.

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

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

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

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

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

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

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

New/Amended/Revised Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

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

(2) Basis of Preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

(4) Basis of Consolidation

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

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

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

(5) Foreign Currencies

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

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

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

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

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

(6) Inventories

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

(7) Investment in associates and joint ventures

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

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

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

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

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

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

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

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

(8) Property, plant and equipment

Property, plant and equipment are initially measured at cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment loss

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

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

(9) Goodwill

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

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

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

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

(10) Intangible assets

A. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

B. Derecognition

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

(11) Impairment of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and incremental costs of obtaining contracts

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

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

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

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

(12) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

A. Financial assets

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

a. Measurement category

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

(a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

(b) Financial assets at amortized cost

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

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

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

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

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

(c) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), lease receivables, as well as contract assets.

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

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

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

c. Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other

comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

B. Financial liabilities

a. Subsequent measurement

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

b. Derecognition of financial liabilities

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

(13) Revenue recognition

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

A. Revenue from sales

Contract revenue

Contract revenue comes from software and hardware integration services.

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

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

Revenue from the sale of goods

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

B. Revenue from the rendering of services

Revenue from the rendering of services comes from follow-up maintenance services of software and hardware during the contract period. The Group recognizes revenue over time

(14) Leases

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

A. The Group as lessor.

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

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

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

B. The Group as lessee.

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets,

and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

(15) Government Grants

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

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

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

(16) Employee benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

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

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

(17) Income tax

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

A. Current tax

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

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

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

B. Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

C. Current and deferred tax

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

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

In the application of the Group's accounting policies, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Critical Accounting Judgments

Timing of recognition of revenue

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

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

6. Cash and cash equivalents

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

<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>\$ 884,494</u>	<u>\$ 600,941</u>

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

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

7. Financial assets at fair value through profit or loss

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

8. Financial assets at fair value through other comprehensive income

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

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

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

9. Financial assets at amortized cost

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

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

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

Based on the Group's assessment, the credit risk of the above-mentioned financial assets at amortized cost is not expected to be high and has not increased since initial recognition. The Group does not expect to recognize any credit loss resulting from default events on financial assets at amortized cost that are

possible within 12 months after the reporting date. Accordingly, no impairment loss was recognized as of December 31, 2023 and 2022.

10. Accounts receivable

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

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

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

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

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

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

December 31, 2023

	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 121 Days	Total
Gross carrying amount	\$ 1,218,276	\$ 64,330	\$ 9,306	\$ 142,029	\$ 1,433,941
Loss allowance (Lifetime ECL)	(<u>85</u>)	(<u>408</u>)	(<u>1,506</u>)	(<u>6,244</u>)	(<u>8,243</u>)
Amortized cost	<u>\$ 1,218,191</u>	<u>\$ 63,922</u>	<u>\$ 7,800</u>	<u>\$ 135,785</u>	<u>\$ 1,425,698</u>

December 31, 2022

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

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

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

11. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commodities	\$ 205,958	\$ 220,735
Prepayments for contracts	261,488	226,770
Inventories in transit	5,397	5,862

	December 31, 2023	December 31, 2022
Maintenance materials	<u>750</u>	<u>630</u>
Total	<u>\$ 473,593</u>	<u>\$ 453,997</u>

The commodities mainly consisted of computer hardware and software.

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

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

12. Subsidiaries

- (1) Subsidiaries included in the consolidated financial statements
the consolidated entities were as follows:

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

- A. The amounts presented in the consolidated financial statements, except for SYSCOM, Shenzhen and Xian Linan, which were audited by CPA, are recognized based on the financial statements of each subsidiary audited by other auditors for the same period.
- B. In January、February and August 2023, the Company acquired additional 14 thousand shares of Wisemaker Technology Co. from an unrelated party for \$494 thousand; after the acquisition of further interests, the Company's percentage of ownership in Wisemaker Technology Co. increased to 99.24%.
- C. In June and July 2023, the Company acquired additional 40 thousand shares of Syscom Computer (Thailand) Co.,Ltd. from an unrelated party for \$108 thousand; after the acquisition of further interests, the Company's percentage of ownership in Syscom Computer (Thailand) Co.,Ltd. increased to 92.47%.

- (2) Subsidiaries excluded from the consolidated financial statements: None.
- (3) Subsidiaries with material non-controlling interests: None.

13. Investments accounted for using the equity method

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

- (1) Investments in associates

	December 31, 2023	December 31, 2022
<u>Associates that is not individually materiality</u>		
Unlisted companies		

	December 31, 2023	December 31, 2022
DBMaker Japan Inc.	\$ <u>12,432</u>	\$ <u>15,486</u>

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

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

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

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

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

(2) Investments in joint ventures

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

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

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

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

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

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

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

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

14. Property, plant and equipment

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

(1) Assets used by the Group

	Land	Buildings	Maintenance equipment	Computer equipment	Leasehold improvements	Others	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 122,714	\$ 100,521	\$ 91,554	\$ 274,448	\$ 107,303	\$ 20,451	\$ 716,991
Addition	-	-	18,548	31,718	6,805	2,258	59,329
Disposal	-	-	(9,045)	(30,246)	-	(1,308)	(40,599)
Reclassification	-	-	6,197	618	-	-	6,815
Net exchange difference	(2)	(4)	-	(254)	(59)	(27)	(346)
Balance at December 31, 2023	<u>\$ 122,712</u>	<u>\$ 100,517</u>	<u>\$ 107,254</u>	<u>\$ 276,284</u>	<u>\$ 114,049</u>	<u>\$ 21,374</u>	<u>\$ 742,190</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 53,717	\$ 55,913	\$ 161,956	\$ 100,453	\$ 11,436	\$ 383,475
Disposal	-	-	(9,045)	(30,217)	-	(1,147)	(40,409)
Depreciation expenses	-	2,028	14,430	34,271	3,058	2,378	56,165
Reclassification	-	-	(367)	(184)	-	-	(551)
Net exchange difference	-	(13)	-	(227)	(58)	(25)	(323)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 55,732</u>	<u>\$ 60,931</u>	<u>\$ 165,599</u>	<u>\$ 103,453</u>	<u>\$ 12,642</u>	<u>\$ 398,357</u>
Net at December 31, 2023	<u>\$ 122,712</u>	<u>\$ 44,785</u>	<u>\$ 46,323</u>	<u>\$ 110,685</u>	<u>\$ 10,596</u>	<u>\$ 8,732</u>	<u>\$ 343,833</u>
<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>

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

Buildings

39 to 60 years

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

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

(2) Assets leased under operating leases

	<u>Machinery equipment</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 30,604
Disposals	(507)
Reclassification	<u>48</u>
Balance at December 31, 2023	<u>\$ 30,145</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ 6,792
Disposals	(507)
Depreciation expenses	<u>4,965</u>
Balance at December 31, 2023	<u>\$ 11,250</u>
Balance on December 31, 2023, net	<u>\$ 18,895</u>
<u>Cost</u>	
Balance at January 1, 2022	\$ 30,406
Reclassification	<u>198</u>
Balance at December 31, 2022	<u>\$ 30,604</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 1,144
Depreciation expenses	<u>5,648</u>
Balance at December 31, 2022	<u>\$ 6,792</u>
Balance on December 31, 2022, net	<u>\$ 23,812</u>

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

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

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

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

15. Lease agreements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Buildings	\$ <u>94,888</u>	\$ <u>20,655</u>
	2023	2022
Addition to right-of-use assets	\$ <u>130,129</u>	\$ <u>875</u>
Depreciation charge for right-of-use assets		
Buildings	\$ <u>49,495</u>	\$ <u>44,091</u>

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	\$ <u>46,175</u>	\$ <u>8,513</u>
Non-current	\$ <u>49,503</u>	\$ <u>12,426</u>
The range of discount rate for lease liabilities were as follows:		
	December 31, 2023	December 31, 2022
Buildings	0.75%~7.28%	0.75%~2.61%

(3) Material leasing activities and terms

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

(4) Other lease information

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

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

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

16. Intangible assets

2023

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

2022

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

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

17. Borrowings

	December 31, 2023	December 31, 2022
<u>Unsecured borrowings</u>		
- Line of credit borrowings	<u>\$ 190,855</u>	<u>\$ 180,922</u>

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

18. Other payables

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

19. Retirement benefit plans

(1) Defined contribution plans

The Company, Coach Technology Management Inc., Wisemaker Technology Co., and Netmaker Technology Co., Ltd. of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plans

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

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 213,160	\$ 210,595
Fair value of plan assets	(<u>171,213</u>)	(<u>155,937</u>)

	December 31, 2023	December 31, 2022
Net defined benefit liabilities	<u>\$ 41,947</u>	<u>\$ 54,658</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance at January 1, 2022	<u>\$ 228,161</u>	<u>(\$ 150,666)</u>	<u>\$ 77,495</u>
Current service costs	228	-	228
Net 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 plan assets (excluding amounts included in net interest)	-	(11,582)	(11,582)
Actuarial gains - changes in financial assumptions	(8,903)	-	(8,903)
Actuarial losses - experience adjustments	<u>2,570</u>	<u>-</u>	<u>2,570</u>
Recognized in other comprehensive income	(6,333)	(11,582)	(17,915)
Contributions from the employer	<u>-</u>	<u>(5,646)</u>	<u>(5,646)</u>
Benefits paid	(12,895)	<u>12,895</u>	<u>-</u>
Balance at December 31, 2022	<u>210,595</u>	<u>(155,937)</u>	<u>54,658</u>
Current service cost	145	-	145
Interest expense (income)	<u>2,536</u>	<u>(1,870)</u>	<u>666</u>
Recognized in profit or loss	<u>2,681</u>	<u>(1,870)</u>	<u>811</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	(\$ 1,588)	(\$ 1,588)
Actuarial losses - changes in financial assumptions	1,330	-	1,330
Actuarial losses - experience adjustments	<u>2,958</u>	<u>-</u>	<u>2,958</u>
Recognized in other comprehensive income	<u>4,288</u>	<u>(1,588)</u>	<u>2,700</u>
Contributions from the employer	<u>-</u>	<u>(16,222)</u>	<u>(16,222)</u>
Benefits paid	(4,404)	<u>4,404</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 213,160</u>	<u>(\$ 171,213)</u>	<u>\$ 41,947</u>

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

	2023	2022
Operating costs	\$ 154	\$ 194
Operating expenses	<u>657</u>	<u>530</u>
	<u>\$ 811</u>	<u>\$ 724</u>

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

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

- B. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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

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

20. Equity

- (1) Share capital - ordinary shares

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

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

- (2) Capital surplus

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

- (3) Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on June 13, 2023 and in that meeting, resolved the amendments to the Company's Articles of Incorporation. Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the legal reserve has reached the Company's total paid-up capital. The remaining profit shall be set aside or reverse a special reserve in accordance with the laws and regulations, and then any

remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. However, other additional distribution should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

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

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

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

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

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

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

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

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

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

(4) Special reserve

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

(5) Other equity items

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

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

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

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

(6) Non-controlling interests

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

21. Revenue

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

(1) Contract information

Revenue from contracts with customers

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

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

Revenue from rendering of services

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

(2) Contract balances

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

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

(3) Revenue from contracts with customers
2023

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

2022

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

22. Net profit

(1) Interest income

	2023	2022
Bank deposits	<u>\$ 10,435</u>	<u>\$ 4,043</u>

(2)	Other income		
		2023	2022
	Government grants	\$ 31,192	\$ 39,858
	Marketing incentive income	13,319	10,563
	Rental income	5,973	5,716
	Others	<u>3,439</u>	<u>5,957</u>
		<u>\$ 53,923</u>	<u>\$ 62,094</u>
(3)	Other gains and losses		
		2023	2022
	Net gain on fair value changes of financial assets mandatorily classified as at FVTPL	\$ 2,309	\$ 432
	Gain on disposal of property, plant and equipment	141	382
	Net foreign exchange loss	(1,805)	(10,297)
	Others	(<u>3,352</u>)	(<u>13,610</u>)
		(<u>\$ 2,707</u>)	(<u>\$ 23,093</u>)
(4)	Finance costs		
		2023	2022
	Interest on bank loans	\$ 14,419	\$ 6,974
	Interest on lease liabilities	2,658	850
	Others	<u>3</u>	<u>2</u>
		<u>\$ 17,080</u>	<u>\$ 7,826</u>
(5)	Depreciation and amortization		
		2023	2022
	An analysis of depreciation by function		
	Operating costs	\$ 21,907	\$ 21,088
	Operating expenses	<u>88,718</u>	<u>90,564</u>
		<u>\$ 110,625</u>	<u>\$ 111,652</u>
	An analysis of amortization by function		
	Operating expenses	<u>\$ 677</u>	<u>\$ 633</u>
(6)	Employee benefits expenses		
		2023	2022
	Short-term employee benefits		
	Salary	\$ 1,485,919	\$ 1,420,176
	Labor and health insurance	143,782	135,709
	Others	<u>50,278</u>	<u>48,903</u>
		<u>1,679,979</u>	<u>1,604,788</u>
	Post-employment benefits (Note 19)		
	Defined contribution plans	62,215	58,386
	Defined benefit plans	<u>811</u>	<u>724</u>
		<u>63,026</u>	<u>59,110</u>
	Total employee benefits expense	<u>\$ 1,743,005</u>	<u>\$ 1,663,898</u>
	An analysis of employee benefits expense by function		
	Operating costs	\$ 638,693	\$ 649,936

	2023	2022
Operating expenses	<u>1,104,312</u>	<u>1,013,962</u>
	<u>\$ 1,743,005</u>	<u>\$ 1,663,898</u>

(7) Employees' compensation and remuneration of directors

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

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

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

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

23. Income tax

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

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

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

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

(2) Income tax recognized in other comprehensive income

	2023	2022
<u>Deferred tax</u>		
In respect of the current year		

	2023	2022
- Remeasurement of defined benefit plans	(\$ 618)	\$ 3,543

(3) Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized write-downs of inventories	\$ 451	\$ 33	\$ -	\$ 484
Defined benefit obligations	11,281	(2,981)	618	8,918
Others	428	1,478	-	1,906
Loss carryforward	1,505	(327)	-	1,178
	<u>\$ 13,665</u>	<u>(\$ 1,797)</u>	<u>\$ 618</u>	<u>\$ 12,486</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries and associates	(\$ 10,416)	\$ 802	\$ -	(\$ 9,614)
Others	(714)	(101)	-	(815)
	<u>(\$ 11,130)</u>	<u>\$ 701</u>	<u>\$ -</u>	<u>(\$ 10,429)</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing Balance
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized write-downs of inventories	\$ 1,623	(\$ 1,172)	\$ -	\$ 451
Defined benefit obligations	15,754	(930)	(3,543)	11,281
Others	427	1	-	428
Loss carryforward	1,400	105	-	1,505
	<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	(660)	(54)	-	(714)
	<u>(\$ 11,238)</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>(\$ 11,130)</u>

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 335</u>	<u>\$ 335</u>

(5) Income tax assessment

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

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

24. Earnings per share

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

Net profit for the year

	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 278,293</u>	<u>\$ 250,730</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 278,293</u>	<u>\$ 250,730</u>

Shares

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

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

25. Capital management

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

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

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

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

26. Financial instruments

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

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

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

Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficial certificates	<u>\$ 10,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,457</u>

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Listed shares	\$ 31,431	\$ -	\$ -	\$ 31,431
- Unlisted shares	-	-	1,595	1,595
Total	<u>\$ 31,431</u>	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 33,026</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficial certificates	<u>\$ 19,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,956</u>

<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Listed shares	\$ 24,142	\$ -	\$ -	\$ 24,142
- Unlisted shares	-	-	1,595	1,595
Total	<u>\$ 24,142</u>	<u>\$ -</u>	<u>\$ 1,595</u>	<u>\$ 25,737</u>

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

(3) Categories of financial instruments

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

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

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

(4) Financial risk management objectives and policies

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

A. Market risk

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

a. Foreign currency risk

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

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

Sensitivity analysis

The Group is mainly exposed to USD.

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

b. Interest rate risk

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

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

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

Sensitivity analysis

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

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

B. Credit risk

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

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

C. Liquidity risk

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

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

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

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

December 31, 2023

	On Demand or Less than 1 Month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ -	\$ 1,870,360	\$ -	\$ -	\$ -
Lease liabilities	4,208	8,360	35,575	50,404	-
Variable interest rate liabilities	26,664	53,049	115,673	-	-
	<u>\$ 30,872</u>	<u>\$ 1,931,769</u>	<u>\$ 151,248</u>	<u>\$ 50,404</u>	<u>\$ -</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	<u>\$ 48,143</u>	<u>\$ 50,404</u>	<u>\$ -</u>

December 31, 2022

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

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

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

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

b. Financing facilities

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

27. Related Party Transactions

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

(1) Related-party and its relationship

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

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

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

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

Related Party Categories	2023	2022
Associate	\$ 2,797	\$ 9,580
Joint venture	<u>4</u>	<u>2,669</u>
	<u>\$ 2,801</u>	<u>\$ 12,249</u>

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

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

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

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

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

The outstanding accounts payable from related parties are unsecured.

(6) Acquisition of property, plant and equipment

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

(7) Lease agreement

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

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

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

(8) Rental expenses

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

(9) Rental revenue

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

(10) Compensation of key management personnel

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

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

28. Assets Pledged as Collateral

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

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

29. Significant Contingent Liabilities and Unrecognized Commitments

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

30. Significant Assets and Liabilities Denominated in Foreign Currencies

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

December 31, 2023

Financial assets	Foreign Currencies	Exchange rate	Carrying amount
<u>Monetary item</u>			
USD	\$ 3,090	30.705	\$ 94,864

	<u>Foreign Currencies</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Non-monetary item</u>			
JPY	57,237	0.2172	12,432
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD	5,590	30.705	171,642
<u>December 31, 2022</u>			
	<u>Foreign Currencies</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial 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
<u>Financial liabilities</u>			
<u>Monetary item</u>			
USD	6,266	30.71	192,435

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

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

31. Separately Disclosed Items

- (1) Information on significant transactions
 - A. Financing provided to others: None.
 - B. Endorsements/guarantees provided (Table 1).
 - C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 2).
 - D. Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
 - E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 - I. Trading in derivative instruments: None.
 - J. Other: Intercompany relationships and significant intercompany transactions: (Table 3).
- (2) Information on investees: (Table 4).
- (3) Information on investments in Mainland China:
 - A. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 5)

- B. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - The amount of property transactions and the amount of the resultant gains or losses.
 - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- (4) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:(Table 6).

32. Segment Information

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

(1) Segment revenue and results

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

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

(2) Total segment assets and liabilities

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

(3) Geographical information

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

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

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

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

(4) Information of major customers

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

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

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

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

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

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

Table 2 (In Thousands of New Taiwan Dollars and in thousands of Shares (Thousands of Units))

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

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

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

SYSCOM COMPUTER ENGINEERING CO. AND SUBSIDIARIES
Intercompany Relationships and Significant Intercompany Transactions and Subsidiary and Between Subsidiaries
For the Year Ended December 31, 2023

Table 3 (In Thousands of New Taiwan Dollars)

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

Note: 1.Parent to subsidiary.

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

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Holding at the end of the period			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	Percentage of Ownership	Carrying amount			
SYSCOM COMPUTER ENGINEERING CO.	Coach Technology Management Inc.	Taipei City	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.	\$ 19,200	\$ 19,200	1,950	97.50	\$ 6,550	\$ 2,276	\$ 2,219	Subsidiaries
	Casemaker Inc.	California, U.S.A.	Sales of computer software, hardware and related products.	USD 1,300	USD 1,300	1,300	100.00	96,751	(1,922)	(1,922)	Subsidiaries
	SYSCOM INTERNATIONAL INC.	Cayman Islands	Investments in other businesses	USD 6,050	USD 6,050	6,050	100.00	(94,834)	(25,160)	(25,160)	Subsidiaries
	Netmaker Technology Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	18,763	18,763	2,858	86.60	35,643	(4,752)	(4,115)	Subsidiaries
	Wisemaker Technology Co.	Taipei City	Sales of computer software, hardware and related products.	42,191	41,697	2,679	99.24	60,187	4,003	3,982	Subsidiaries
	DBMaker Japan, Inc.	Tokyo, Japan	Development and sales of computer system software and hardware	JPY 53,260	JPY 53,260	5	49.89	12,432	(4,184)	(2,087)	Investee accounted for using the equity method
	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 33,134	THB 33,014	3,440	92.47	3,004	(178)	(165)	Subsidiaries
	Cloudmaster Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	65,000	65,000	6,500	50.00	55,426	3,128	1,564	Investee accounted for using the equity method
Coach Technology Management Inc.	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 200	THB 200	20	0.54	17	(178)	Not applicable	Subsidiary

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

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

Table 5 (In Thousands of New Taiwan Dollars/Foreign Currency)

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

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

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

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

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

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

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

Table 6

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

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

- 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 "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, 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 Company as of December 31, 2023 and 2022, 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 Company 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, 2023. 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 Company for the year ended December 31, 2023 are stated as follows:

Recognition of Contract Revenue

The Company 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, 2023 and 2022 of some investees in which the Company 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, 2023 and 2022, the aforementioned investments accounted for using equity method amounted to NT\$202,135 thousands and NT\$203,541 thousands, which were 4% and 5% of total assets of the Company. For the years ended December 31, 2023 and 2022, investment loss from the aforementioned equity-method investments amounted to NT\$1 thousands and NT\$2,371 thousands, which represented 0% and (0.8%) of the profit before income tax of the Company.

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 Company'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 Company 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 Company'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 Company'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 Company'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 Company 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 Company 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Li-Wen Kuo and Pei-De Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code	ASSETS	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 732,897	16	\$ 446,088	11
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	10,000	-	19,505	-
1136	Financial assets at amortized cost - current (Notes 4, 9 and 26)	184,678	4	164,382	4
1140	Contract assets - current (Notes 4 and 19)	471,815	10	478,405	11
1150	Notes receivable (Note 4)	8,831	-	2,299	-
1172	Accounts receivable (Notes 4, 10, and 25)	1,336,959	28	1,394,927	33
1200	Other receivables (Note 4)	5,578	-	5,103	-
130X	Inventories (Notes 4 and 11)	456,133	10	421,379	10
1410	Prepayments	411,779	9	376,022	9
1479	Other current assets	88,970	2	118,551	3
11XX	Total current assets	<u>3,707,640</u>	<u>79</u>	<u>3,426,661</u>	<u>81</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	33,026	1	25,737	1
1535	Financial assets at amortized cost - non-current (Notes 4, 9, and 26)	197,630	4	128,829	3
1550	Investments accounted for using the equity method (Notes 4 and 12)	269,993	6	273,059	6
1600	Property, plant and equipment (Notes 4, 13, and 25)	336,501	7	328,345	8
1755	Right-of-use assets (Notes 4 and 14)	81,661	2	3,481	-
1821	Intangible assets (Notes 4 and 15)	392	-	492	-
1840	Deferred tax assets (Notes 4 and 21)	9,606	-	11,643	-
1990	Other non-current assets (Note 4)	53,655	1	46,808	1
15XX	Total non-current assets	<u>982,464</u>	<u>21</u>	<u>818,394</u>	<u>19</u>
1XXX	TOTAL	<u>\$ 4,690,104</u>	<u>100</u>	<u>\$ 4,245,055</u>	<u>100</u>
	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2130	Contract liabilities - current (Notes 4 and 19)	\$ 455,424	10	\$ 220,867	5
2150	Notes payable	131	-	16,026	-
2170	Accounts payable (Note 25)	1,443,177	31	1,390,693	33
2200	Other payables (Note 16)	397,340	9	366,124	9
2230	Current tax liabilities	17,509	-	30,344	1
2280	Lease liabilities - current (Notes 4, 14 and 25)	41,048	1	2,069	-
2399	Other current liabilities	17,379	-	14,017	-
21XX	Total current liabilities	<u>2,372,008</u>	<u>51</u>	<u>2,040,140</u>	<u>48</u>
	NON-CURRENT LIABILITIES				
2572	Deferred tax liabilities (Notes 4 and 21)	9,614	-	10,416	-
2580	Lease liabilities - non-current (Notes 4, 14 and 25)	41,490	1	1,479	-
2640	Net defined benefits liabilities - non-current (Notes 4 and 17)	43,419	1	54,503	1
2645	Guarantee deposits received	14,532	-	17,291	1
2670	Other non-current liabilities (Note 12)	94,834	2	71,381	2
25XX	Total non-current liabilities	<u>203,889</u>	<u>4</u>	<u>155,070</u>	<u>4</u>
2XXX	Total liabilities	<u>2,575,897</u>	<u>55</u>	<u>2,195,210</u>	<u>52</u>
	Equity (Notes 4 and 18)				
3100	Share capital - ordinary shares	1,000,000	21	1,000,000	23
3200	Capital surplus	1,797	-	1,547	-
	Retained earnings				
3310	Legal reserve	330,483	7	303,977	7
3320	Special reserve	17,619	1	17,619	1
3350	Unappropriated earnings	752,580	16	722,955	17
3300	Total retained earnings	<u>1,100,682</u>	<u>24</u>	<u>1,044,551</u>	<u>25</u>
3400	Other equity	11,728	-	3,747	-
3XXX	Total equity	<u>2,114,207</u>	<u>45</u>	<u>2,049,845</u>	<u>48</u>
	TOTAL	<u>\$ 4,690,104</u>	<u>100</u>	<u>\$ 4,245,055</u>	<u>100</u>

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

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

SYSCOM COMPUTER ENGINEERING CO.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
	OPERATING REVENUE (Notes 4, 5, 19, and 25)				
4100	Sales	\$ 4,666,572	76	\$ 4,328,914	76
4600	Maintenance revenue	1,431,116	24	1,327,885	24
4300	Rental revenue	<u>17,731</u>	<u>-</u>	<u>17,880</u>	<u>-</u>
4000	Total operating revenue	<u>6,115,419</u>	<u>100</u>	<u>5,674,679</u>	<u>100</u>
	OPERATING COSTS (Notes 4, 11, 20, and 25)				
5110	Cost of goods sold	3,531,049	58	3,280,653	58
5600	Maintenance costs	1,019,247	17	962,166	17
5300	Rental costs	<u>14,185</u>	<u>-</u>	<u>14,457</u>	<u>-</u>
5000	Total operating costs	<u>4,564,481</u>	<u>75</u>	<u>4,257,276</u>	<u>75</u>
5900	GROSS PROFIT	<u>1,550,938</u>	<u>25</u>	<u>1,417,403</u>	<u>25</u>
	OPERATING EXPENSES (Notes 10, 17, 20, and 25)				
6100	Selling and marketing expenses	1,047,139	17	936,247	17
6300	Research and development expenses	204,962	3	189,458	3
6450	Expected credit loss recognized on trade receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	<u>1,252,101</u>	<u>20</u>	<u>1,125,705</u>	<u>20</u>
6900	PROFIT FROM OPERATIONS	<u>298,837</u>	<u>5</u>	<u>291,698</u>	<u>5</u>
	NON-OPERATING INCOME AND EXPENSES (Note 4)				
7100	Interest income (Note 20)	7,535	-	2,904	-
7010	Other income (Notes 20 and 25)	52,367	1	60,806	1
7020	Other gains and losses (Note 20)	856	-	(9,085)	-
7050	Finance costs (Notes 20 and 25)	(2,810)	-	(313)	-
7070	Share of profit or loss of subsidiaries, associates and joint ventures (Note 12)	(<u>25,684</u>)	<u>-</u>	(<u>36,358</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>32,264</u>	<u>1</u>	<u>17,954</u>	<u>-</u>

(Continued)

Code		2023		2022	
		Amount	%	Amount	%
7900	PROFIT BEFORE INCOME TAX	\$ 331,101	6	\$ 309,652	5
7950	INCOME TAX EXPENSE (Notes 4 and 21)	<u>52,808</u>	<u>1</u>	<u>58,922</u>	<u>1</u>
8200	NET PROFIT FOR THE YEAR	<u>278,293</u>	<u>5</u>	<u>250,730</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	(4,059)	-	17,235	1
8316	Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	7,289	-	910	-
8330	Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	1,085	-	543	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss	812	-	(3,447)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translating the financial statements of foreign operations	861	-	9,855	-
8380	Share of the other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	(<u>169</u>)	<u>-</u>	(<u>97</u>)	<u>-</u>
8300	Other comprehensive (loss) income for the year, net of income tax	<u>5,819</u>	<u>-</u>	<u>24,999</u>	<u>1</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 284,112</u>	<u>5</u>	<u>\$ 275,729</u>	<u>5</u>
	EARNINGS PER SHARE (Note 22)				
9710	Basic	<u>\$ 2.78</u>		<u>\$ 2.51</u>	
9810	Diluted	<u>\$ 2.78</u>		<u>\$ 2.50</u>	

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

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

(Concluded)

SYSCOM COMPUTER ENGINEERING CO.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(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, 2022	\$ 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,331</u>	<u>9,758</u>	<u>910</u>	<u>24,999</u>
D5	Total comprehensive income (loss) for the year ended December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,061</u>	<u>9,758</u>	<u>910</u>	<u>275,729</u>
Z1	BALANCE AT DECEMBER 31, 2022	1,000,000	1,547	303,977	17,619	722,955	(10,592)	14,339	2,049,845
	Appropriation of the 2022 earnings								
B1	Legal reserve	-	-	26,506	-	(26,506)	-	-	-
B5	Cash dividends - NT\$2.2 per share	-	-	-	-	(220,000)	-	-	(220,000)
D1	Net profit for the year ended December 31, 2023	-	-	-	-	278,293	-	-	278,293
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,162)</u>	<u>692</u>	<u>7,289</u>	<u>5,819</u>
D5	Total comprehensive income (loss) for the year ended December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,131</u>	<u>692</u>	<u>7,289</u>	<u>284,112</u>
C3	Unclaimed dividends	-	522	-	-	-	-	-	522
M5	Actual acquisition of interests in subsidiaries	<u>-</u>	<u>(272)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(272)</u>
Z1	BALANCE AT DECEMBER 31, 2023	<u>\$ 1,000,000</u>	<u>\$ 1,797</u>	<u>\$ 330,483</u>	<u>\$ 17,619</u>	<u>\$ 752,580</u>	<u>(\$ 9,900)</u>	<u>\$ 21,628</u>	<u>\$ 2,114,207</u>

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

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

SYSCOM COMPUTER ENGINEERING CO.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 331,101	\$ 309,652
A20010	Adjustments for:		
A20100	Depreciation expenses	100,349	101,337
A20200	Amortization expenses	100	100
A20400	Net gain on financial assets at fair value through profit or loss	(2,300)	(426)
A20900	Finance costs	2,810	313
A21200	Interest income	(7,535)	(2,904)
A21300	Dividend income	(586)	(465)
A22400	Share of loss of subsidiaries, associates and joint ventures	25,684	36,358
A22500	Gain on disposal of property, plant and equipment	(164)	(382)
A23700	Write-downs of inventories	165	167
A24100	Net loss on foreign currency exchange	390	3,475
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	6,590	(152,740)
A31130	Notes receivable	(6,532)	117
A31150	Accounts receivable	57,541	91,132
A31180	Other receivables	(475)	2,057
A31200	Inventories	(42,341)	(161,077)
A31230	Prepayments	(35,757)	(83,003)
A31240	Other current assets	1,171	(1,539)
A32125	Contract liabilities	234,557	29,378
A32130	Notes payable	(15,895)	15,958
A32150	Accounts payable	52,253	85,833
A32180	Other payables	31,216	16,383
A32230	Other current liabilities	3,362	(1,411)
A32240	Net defined benefits liabilities	(15,143)	(4,650)
A33000	Cash generated from operations	720,561	283,663
A33100	Interest received	7,535	2,904
A33200	Dividends received	586	465
A33300	Interest paid	(2,810)	(313)
A33500	Income tax paid	(63,596)	(57,961)
AAAA	Net cash generated from operating activities	<u>662,276</u>	<u>228,758</u>

(Continued)

Code		2023	2022
	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	(89,097)	458
B00100	Purchase of financial assets at fair value through profit or loss	(10,000)	(720,000)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	21,805	935,930
B02700	Payments for property, plant and equipment	(59,092)	(46,733)
B02800	Proceeds from disposal of property, plant and equipment	324	429
B03800	Decrease(Increase) in refundable deposits	21,563	(49,182)
B07600	Dividends from subsidiaries received	<u>2,942</u>	<u>2,664</u>
BBBB	Net cash (used in) generated from investing activities	(<u>111,555</u>)	<u>121,187</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C03000	Guarantee deposits received	(2,759)	4,028
C04020	Repayment of the principal portion of lease liabilities	(41,341)	(38,886)
C04500	Dividends paid	(220,000)	(190,000)
C05400	Acquisition of subsidiaries	(602)	-
C09900	Unclaimed dividends	<u>522</u>	<u>-</u>
CCCC	Net cash used in financing activities	(<u>264,180</u>)	(<u>224,858</u>)
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
		<u>268</u>	<u>804</u>
EEEE	NET INCREASE IN CASH AND CASH EQUIVALENTS	286,809	125,891
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>446,088</u>	<u>320,197</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 732,897</u>	<u>\$ 446,088</u>

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

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

(Concluded)

SYSCOM COMPUTER ENGINEERING CO.
Notes to Parent Company Only Financial Statements
Years Ended December 31, 2023 and 2022
(Amounts in thousands of NTD, unless stated otherwise)

1. General

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

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

2. The Date and Procedures of Authorization of Financial Statements

The financial statements were approved by the Board of Directors on March 12, 2024.

3. Application of New and Revised Standards and Interpretations

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

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

Amendments to IAS 1 "Disclosure of Accounting Policies"

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

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

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

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

Refer to Note 4 for related accounting policy information.

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

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

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

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

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

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

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

New/Amended/Revised Standards and Interpretations	Effective Date Announced by the IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

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

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

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

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. The cost of the prepayments for contracts was evaluated base on each contract. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The calculation of the cost of inventory is derived using the weighted-average method.
- (6) Investments in subsidiaries
The Company uses the equity method to account for its investments in subsidiaries. A subsidiary is an entity that is controlled by the Company.
- Under the equity method, the investment in subsidiaries is initially recognized at cost and the increase or decrease of carrying amount reflects the recognition of the Company's share of profit or loss and other comprehensive income of the subsidiaries after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiaries.
- Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment of the subsidiaries and the fair value of the consideration paid or received is recognized directly in equity.
- When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.
- Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.
- The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries of parties that are not related to the Company.

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

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

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

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

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

(9) Intangible assets

A. Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

B. Derecognition

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

(10) Impairment of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and incremental costs of obtaining contracts

At the end of each reporting period, the Company 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 an 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Company assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

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

(11) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

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

A. Financial assets

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

a. Measurement category

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

(a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include

investments in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 24.

(b) Financial assets at amortized cost

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

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

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

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

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

(c) Investments in equity instruments at FVTOCI

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

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

Dividends on these investments in equity instruments 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 recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), lease receivables, as well as contract assets.

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

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

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

c. Derecognition of financial assets

The 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 entity.

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 measured 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) Revenue recognition

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

A. Revenue from sales

Contract revenue

Contract revenue comes from software and hardware integration services.

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

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

Revenue from the sale of goods

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

B. Revenue from the rendering of services

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

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

B. The Company as lessee

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

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

(14) Government Grants

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

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

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

(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 defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

(16) Income tax

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

A. Current tax

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

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

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

B. Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the 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 they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Critical accounting judgments

Timing of recognition of revenue

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

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

6. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand	\$ 405	\$ 405
Checking accounts and demand deposits	437,531	220,787
Cash equivalents (investments with original maturities of less than 3 months)		
Commercial papers	<u>294,961</u>	<u>224,896</u>
	<u>\$ 732,897</u>	<u>\$ 446,088</u>

The market 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, 2023</u>	<u>December 31, 2022</u>
Bank demand deposits	0.58%	0.46%
Commercial papers with original maturities of less than 3 months	0.95%	0.78%~0.80%

7. Financial assets at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Fund beneficial certificates	<u>\$ 10,000</u>	<u>\$ 19,505</u>

8. Financial assets at fair value through other comprehensive income

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

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

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

9. Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Pledged time deposits	\$ 326,187	\$ 230,417
Time deposits with original maturities of more than 3 months	<u>56,121</u>	<u>62,794</u>
	<u>\$ 382,308</u>	<u>\$ 293,211</u>
Current	\$ 184,678	\$ 164,382
Non-current	<u>197,630</u>	<u>128,829</u>
Total	<u>\$ 382,308</u>	<u>\$ 293,211</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.78%-1.54% and 0.76%-1.40% per annum as of December 31, 2023 and 2022, respectively.

Refer to Note 26 for information relating to financial assets at amortized cost pledged as security.

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

10. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>At amortized cost</u>		
Accounts receivable	\$ 1,337,728	\$ 1,395,696
Less: Allowance for impairment loss	(<u>769</u>)	(<u>769</u>)
	<u>\$ 1,336,959</u>	<u>\$ 1,394,927</u>

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

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

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

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

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

December 31, 2023

	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 121 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,139,986	\$ 58,181	\$ 6,481	\$ 133,080	\$ 1,337,728
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>769</u>)	(<u>769</u>)
Amortized cost	<u>\$ 1,139,986</u>	<u>\$ 58,181</u>	<u>\$ 6,481</u>	<u>\$ 132,311</u>	<u>\$ 1,336,959</u>

December 31, 2022

	<u>Less than 60 Days</u>	<u>61 to 90 Days</u>	<u>91 to 120 Days</u>	<u>Over 121 Days</u>	<u>Total</u>
Gross carrying amount	\$ 1,155,380	\$ 149,060	\$ 19,356	\$ 71,900	\$ 1,395,696
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	(<u>769</u>)	(<u>769</u>)
Amortized cost	<u>\$ 1,155,380</u>	<u>\$ 149,060</u>	<u>\$ 19,356</u>	<u>\$ 71,131</u>	<u>\$ 1,394,927</u>

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

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 769	\$ 769
Impairment loss provided for the year	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 769</u>	<u>\$ 769</u>

11. Inventories

	December 31, 2023	December 31, 2022
Commodities	\$ 205,959	\$ 219,550
Prepayments for contracts	244,401	195,721
Inventories in transit	5,397	5,862
Maintenance materials	376	246
Total	<u>\$ 456,133</u>	<u>\$ 421,379</u>

The commodities mainly consisted of computer hardware and software.

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

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$3,531,049 thousand and \$3,280,653 thousand, respectively. The cost of goods sold included inventory write-downs of \$165 thousand and \$167 thousand, respectively.

12. Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Investments in subsidiaries	\$ 202,135	\$ 203,541
Investments in associates	12,432	15,486
Investments in joint ventures	55,426	54,032
	<u>\$ 269,993</u>	<u>\$ 273,059</u>

(1) Investments in subsidiaries

	December 31, 2023	December 31, 2022
<u>Unlisted companies</u>		
Casemaker Inc.	\$ 96,751	\$ 98,578
SYSCOM INTERNATIONAL INC.	(94,834)	(71,381)
Wisemaker Technology Co.	60,187	58,256
Netmaker Technology Co., Ltd.	35,643	39,271
Coach Technology Management Inc.	6,550	4,331
Syscom Computer(Thailand)Co., Ltd.	3,004	3,105
	107,301	132,160
Add: Transfer of credit balance of long-term investments to other non-current liabilities	94,834	71,381
	<u>\$ 202,135</u>	<u>\$ 203,541</u>

At the end of the reporting period, the proportions of ownership and voting rights in subsidiaries held by the Company were as follows:

Name of the subsidiary	Proportion of Ownership and Voting Rights		
	December 31, 2023	December 31, 2022	Description
Casemaker Inc.	100.00%	100.00%	(A)
Wisemaker Technology Co.	99.24%	98.72%	(A) 、(B)
SYSCOM INTERNATIONAL INC.(SYSCOM)	100.00%	100.00%	(A)
Netmaker Technology Co., Ltd.	86.60%	86.60%	(A)
Coach Technology Management Inc.	97.50%	97.50%	(A)
Syscom Computer(Thailand)Co., Ltd.	92.47%	91.40%	(A) 、(C)

- A. Except for SYSCOM, whose financial statements for the year ended December 31, 2023 and 2022 have been audited by CPA, the investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the subsidiaries' financial statements which have been audited by other auditors for the same period.

- B. In January、February and August 2023, the Company acquired additional 14 thousand shares of Wisemaker Technology Co. from an unrelated party for \$494 thousand; after the acquisition of further interests, the Company's percentage of ownership in Wisemaker Technology Co. increased to 99.24%.
- C. In June and July 2023, the Company acquired additional 40 thousand shares of Syscom Computer (Thailand) Co.,Ltd. from an unrelated party for \$108 thousand; after the acquisition of further interests, the Company's percentage of ownership in Syscom Computer (Thailand) Co.,Ltd. increased to 92.47%.

(2) Investments in associates

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

All the associates were accounted for using the equity method.

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

	<u>Proportion of Ownership and Voting Rights</u>	
<u>Name of the company</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
DBMaker Japan Inc.	49.89%	49.89%

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

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

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

(3) Investments in joint ventures

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

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

	<u>Proportion of Ownership and Voting Rights</u>	
<u>Name of the company</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cloudmaster Co., Ltd.	50.00%	50.00%

The joint venture is accounted for using the equity method.

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

	2023	2022
The Company's share of:		
Net profit for the year	\$ 1,564	\$ 1,394
Other comprehensive income	(170)	(97)
Total comprehensive income	<u>\$ 1,394</u>	<u>\$ 1,297</u>

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

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

For information on the nature of business, principal place of business and country of incorporation of the above associates and joint ventures, please refer to Table 3 "Information on Investees".

13. Property, plant and equipment

	December 31, 2023	December 31, 2022
Assets used by the Company	\$ 317,606	\$ 304,533
Assets leased under operating leases	<u>18,895</u>	<u>23,812</u>
	<u>\$ 336,501</u>	<u>\$ 328,345</u>

(1) Assets used by the Company

	Land	Buildings	Maintenance equipment	Computer equipment	Leasehold improvements	Others	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 110,307	\$ 75,940	\$ 90,116	\$ 246,637	\$ 99,939	\$ 16,282	\$ 639,221
Addition	-	-	18,548	31,481	6,805	2,258	59,092
Disposal	-	-	(9,045)	(29,986)	-	(1,307)	(40,338)
Reclassification	-	-	6,211	618	-	-	6,829
December 31, 2023	<u>\$ 110,307</u>	<u>\$ 75,940</u>	<u>\$ 105,830</u>	<u>\$ 248,750</u>	<u>\$ 106,744</u>	<u>\$ 17,233</u>	<u>\$ 664,804</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 37,670	\$ 55,743	\$ 138,557	\$ 94,948	\$ 7,770	\$ 334,688
Disposal	-	-	(9,045)	(29,986)	-	(1,147)	(40,178)
Depreciation expenses	-	1,289	14,191	32,979	2,509	2,265	53,233
Reclassification	-	-	(361)	(184)	-	-	(545)
December 31, 2023	<u>\$ -</u>	<u>\$ 38,959</u>	<u>\$ 60,528</u>	<u>\$ 141,366</u>	<u>\$ 97,457</u>	<u>\$ 8,888</u>	<u>\$ 347,198</u>
December 31, 2023	<u>\$ 110,307</u>	<u>\$ 36,981</u>	<u>\$ 45,302</u>	<u>\$ 107,384</u>	<u>\$ 9,287</u>	<u>\$ 8,345</u>	<u>\$ 317,606</u>
<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	<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	<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	<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>

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

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

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

(2) Assets leased under operating leases

	<u>Machinery equipment</u>
<u>Cost</u>	
Balance at January 1, 2023	\$ 30,604
Disposals	(507)
Reclassification	48
Balance at December 31, 2023	<u>\$ 30,145</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2023	\$ 6,792
Disposals	(507)
Depreciation expenses	4,964
Balance at December 31, 2023	<u>\$ 11,250</u>
Balance on December 31, 2023, net	<u>\$ 18,895</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>
Balance on December 31, 2022, net	<u>\$ 23,812</u>

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

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

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

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

14. Lease agreements

(1) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount		
Buildings	<u>\$ 81,661</u>	<u>\$ 3,481</u>
	2023	2022
Addition to right-of-use assets	<u>\$ 120,331</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 42,151</u>	<u>\$ 36,582</u>

(2) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	<u>\$ 41,048</u>	<u>\$ 2,069</u>
Non-current	<u>\$ 41,490</u>	<u>\$ 1,479</u>

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

	December 31, 2023	December 31, 2022
Buildings	1.20%~2.10%	1.20%~1.50%

(3) Material leasing activities and terms

As lessee, the Company leases buildings for the use as offices and dormitory with lease terms of 2 to 7.3 years. All lease contracts with lease terms over 5 years specify that lease payments will be adjusted every 5 years on the basis of changes in market rental rates. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms.

(4) Other lease information

Lease-out arrangements under operating leases for freehold property, plant, and equipment were set out in Note 13.

	2023	2022
Expenses relating to short-term leases	<u>\$ 7,748</u>	<u>\$ 5,548</u>
Total cash outflow from leases	<u>(\$ 51,559)</u>	<u>(\$ 44,865)</u>

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

15. Intangible assets

	Computer software cost
Balance at January 1, 2023	\$ 492
Amortization expenses	(100)
Carrying amounts at December 31, 2023	<u>\$ 392</u>
Balance at January 1, 2022	\$ 592
Amortization expenses	(100)
Carrying amounts at December 31, 2022	<u>\$ 492</u>

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

As of December 31, 2023 and 2022, the Company had assessed that there was no indication that computer software costs may have been impaired and therefore no impairment assessment was performed.

16. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables for salaries or bonus	\$ 283,100	\$ 270,900
Payables for value-added tax	42,075	25,582
Payables for insurance	18,872	17,740
Payables for pension	15,469	14,293
Payables for compensation of employees	10,300	9,600
Payables for annual leave	1,505	2,389
Others	<u>25,839</u>	<u>25,620</u>
	<u>\$ 397,340</u>	<u>\$ 366,124</u>

17. Retirement benefit plans

(1) Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plans

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 207,129	\$ 202,589
Fair value of plan assets	(<u>163,710</u>)	(<u>148,086</u>)
Net defined benefit liabilities	<u>\$ 43,419</u>	<u>\$ 54,503</u>

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

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities (assets)</u>
Balance at January 1, 2022	<u>\$ 220,060</u>	(<u>\$ 143,672</u>)	<u>\$ 76,388</u>
Current service cost	228	-	228
Net interest expense (income)	<u>1,377</u>	(<u>887</u>)	<u>490</u>
Recognized in profit or loss	<u>1,605</u>	(<u>887</u>)	<u>718</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,054)	(11,054)
Actuarial gains - changes in financial assumptions	(8,420)	-	(8,420)
Actuarial losses - experience adjustments	<u>2,239</u>	<u>-</u>	<u>2,239</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Recognized in other comprehensive income	(<u>6,181</u>)	(<u>11,054</u>)	(<u>17,235</u>)
Contributions from the employer	<u>-</u>	(<u>5,368</u>)	(<u>5,368</u>)
Benefits paid	(<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>
Current service cost	<u>145</u>	<u>-</u>	<u>145</u>
Interest expense (income)	<u>2,430</u>	(<u>1,763</u>)	<u>667</u>
Recognized in profit or loss	<u>2,575</u>	(<u>1,763</u>)	<u>812</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	<u>-</u>	(<u>1,530</u>)	(<u>1,530</u>)
Actuarial losses - changes in financial assumptions	<u>1,266</u>	<u>-</u>	<u>1,266</u>
Actuarial losses - experience adjustments	<u>4,323</u>	<u>-</u>	<u>4,323</u>
Recognized in other comprehensive income	<u>5,589</u>	(<u>1,530</u>)	<u>4,059</u>
Contributions from the employer	<u>-</u>	(<u>15,955</u>)	(<u>15,955</u>)
Benefits paid	(<u>3,624</u>)	<u>3,624</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 207,129</u>	(<u>\$ 163,710</u>)	<u>\$ 43,419</u>

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

	2023	2022
Operating expenses	<u>\$ 812</u>	<u>\$ 718</u>

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

- A. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- B. Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	(<u>\$ 3,141</u>)	(<u>\$ 3,352</u>)
0.25% decrease	<u>\$ 3,222</u>	<u>\$ 3,442</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 3,187</u>	<u>\$ 3,408</u>
0.25% decrease	<u>(\$ 3,123)</u>	<u>(\$ 3,336)</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Expected contributions to the plans for the next year	<u>\$ 2,314</u>	<u>\$ 2,289</u>
Average duration of the defined benefit obligation	6.14Years	6.71Years

18. Equity

(1) Share capital - ordinary shares

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

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

(2) Capital surplus

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

(3) Retained earnings and dividends policy

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

Under the dividends policy as set forth in the Articles before the amendments where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, unless the legal reserve has reached the Company's total paid-up capital. The remaining profit shall be set aside or reverse a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors, refer to "employee's compensation and remuneration of directors" in Note 20,(7).

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

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

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

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

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

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

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

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

(4) Special reserves

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

(5) Other equity items

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

	2023	2022
Balance at January 1	(\$ 10,592)	(\$ 20,350)
Exchange differences on translating the financial statements of foreign operations	861	9,855
Share from subsidiaries, associates and joint venture accounted for using the equity method	(169)	(97)
Balance at December 31	(\$ 9,900)	(\$ 10,592)

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

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

19. Revenue

	2023	2022
Revenue from contracts with customers		
Contract revenue and revenue from sale of goods	\$ 4,666,572	\$ 4,328,914
Revenue from rendering of services	1,431,116	1,327,885
Rental income		
Rental income from equipment	17,731	17,880
	<u>\$ 6,115,419</u>	<u>\$ 5,674,679</u>

(1) Contract information

Revenue from contracts with customers

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

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

Revenue from rendering of services

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

(2) Contract balances

	December 31, 2023	December 31, 2022
Accounts receivable (Note 10)	<u>\$ 1,336,959</u>	<u>\$ 1,394,927</u>
Contract assets		
System integration services	\$ 471,815	\$ 478,405
Less: Allowance for impairment loss	-	-
Contract assets - current	<u>\$ 471,815</u>	<u>\$ 478,405</u>
Contract liabilities		
System integration services	<u>\$ 455,424</u>	<u>\$ 220,867</u>

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

20. Net profit

(1) Interest income

	2023	2022
Bank deposits	<u>\$ 7,535</u>	<u>\$ 2,904</u>

(2) Other income

	2023	2022
Government grants	\$ 30,619	\$ 39,070
Marketing incentive income	13,319	10,563
Rental income	4,692	4,930
Others	3,737	6,243
	<u>\$ 52,367</u>	<u>\$ 60,806</u>

(3)	Other gains and losses		
		2023	2022
	Gain on disposal of property, plant and equipment	\$ 164	\$ 382
	Net gain on fair value changes of financial assets mandatorily classified as at FVTPL	2,300	426
	Net foreign exchange gain	1,303	1,707
	Others	(2,911)	(11,600)
		<u>\$ 856</u>	<u>(\$ 9,085)</u>
(4)	Finance costs		
		2023	2022
	Interest on lease liabilities	\$ 2,110	\$ 311
	Interest on bank loans	697	-
	Others	<u>3</u>	<u>2</u>
		<u>\$ 2,810</u>	<u>\$ 313</u>
(5)	Depreciation and amortization		
		2023	2022
	An analysis of depreciation by function		
	Operating costs	\$ 20,330	\$ 19,629
	Operating expenses	<u>80,019</u>	<u>81,708</u>
		<u>\$ 100,349</u>	<u>\$ 101,337</u>
	An analysis of amortization by function		
	Operating expenses	<u>\$ 100</u>	<u>\$ 100</u>
(6)	Employee benefits expenses		
		2023	2022
	Short-term employee benefits		
	Salary	\$ 1,351,135	\$ 1,266,755
	Labor and health insurance	119,283	110,272
	Others	<u>48,323</u>	<u>46,741</u>
		<u>1,518,741</u>	<u>1,423,768</u>
	Post-employment benefits (Note 17)		
	Defined contribution plans	59,895	55,739
	Defined benefit plans	<u>812</u>	<u>718</u>
		<u>60,707</u>	<u>56,457</u>
	Total employee benefits expense	<u>\$ 1,579,448</u>	<u>\$ 1,480,225</u>
	An analysis of employee benefits expense by function		
	Operating costs	\$ 570,980	\$ 582,220
	Operating expenses	<u>1,008,468</u>	<u>898,005</u>
		<u>\$ 1,579,448</u>	<u>\$ 1,480,225</u>
(7)	Employees' compensation and remuneration of directors		
	According to the Articles of Incorporation of the Company, the Company accrued employees' compensation at rates of no less than 3%. The employees' compensation in the amounts of \$10,300		

thousand and \$9,600 thousand, representing 3.02% and 3.01% of net profit before tax for the years ended December 31, 2023 and 2022, respectively, were approved by the Company's board of directors on March 12, 2024 and March 17, 2023, respectively. The Company did not accrue remuneration of directors for the years ended December 31, 2023 and 2022.

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

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

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

21. Income tax

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

	2023	2022
Current tax		
In respect of the current year	\$ 52,393	\$ 59,006
Adjustments for prior years	(1,632)	(2,023)
Deferred tax		
In respect of the current year	2,047	1,939
Income tax expense recognized in profit or loss	<u>\$ 52,808</u>	<u>\$ 58,922</u>

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

	2023	2022
Profit before income tax	<u>\$ 331,101</u>	<u>\$ 309,652</u>
Income tax expense calculated at the statutory rate	\$ 66,220	\$ 61,930
Nondeductible expenses in determining taxable income	2,937	1,512
Tax-exempt income	(1,208)	(1,031)
Investment tax credits	(18,475)	(9,428)
Unrecognized deductible temporary differences	4,966	7,962
Adjustments for prior years' tax	(1,632)	(2,023)
Income tax expense recognized in profit or loss	<u>\$ 52,808</u>	<u>\$ 58,922</u>

(2) Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized write-downs of inventories	\$ 351	\$ 33	\$ -	\$ 384
Defined benefit obligations	10,901	(3,029)	812	8,684
Others	391	147	-	538
	<u>\$ 11,643</u>	<u>(\$ 2,849)</u>	<u>\$ 812</u>	<u>\$ 9,606</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries and associates	(\$ 10,416)	\$ 802	\$ -	(\$ 9,614)

For the year ended December 31, 2022

	Opening Balance	Recognized in profit or loss	Recognized in other comprehensive income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized write-downs of inventories	\$ 1,523	(\$ 1,172)	\$ -	\$ 351
Defined benefit obligations	15,278	(930)	(3,447)	10,901
Others	390	1	-	391
	<u>\$ 17,191</u>	<u>(\$ 2,101)</u>	<u>(\$ 3,447)</u>	<u>\$ 11,643</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unappropriated earnings of subsidiaries and associates	(\$ 10,578)	\$ 162	\$ -	(\$ 10,416)

(3) Income tax recognized in other comprehensive income

	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
- Remeasurement of defined benefit plans	(\$ 812)	\$ 3,447

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 335</u>	<u>\$ 335</u>

(5) Income tax assessment

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

22. Earnings per share

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

Net profit for the year

	2023	2022
Earnings used in the computation of basic earnings per share	<u>\$ 278,293</u>	<u>\$ 250,730</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 278,293</u>	<u>\$ 250,730</u>

Shares

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

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

computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. Capital management

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

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

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

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

24. Financial instruments

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

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

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

Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficial certificates	\$ 10,000	\$ -	\$ -	\$ 10,000
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Listed shares	\$ 31,431	\$ -	\$ -	\$ 31,431
- Unlisted shares	-	-	1,595	1,595
	\$ 31,431	\$ -	\$ 1,595	\$ 33,026

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficial certificates	\$ 19,505	\$ -	\$ -	\$ 19,505
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments at FVTOCI				
- Listed shares	\$ 24,142	\$ -	\$ -	\$ 24,142
- Unlisted shares	-	-	1,595	1,595
	\$ 24,142	\$ -	\$ 1,595	\$ 25,737

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

(3) Categories of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Mandatorily classified as at FVTPL	\$ 10,000	\$ 19,505
Financial assets at amortized cost (Note 1)	2,466,573	2,141,628
Financial assets at FVTOCI		
Equity instruments	33,026	25,737

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
(Note 2)	1,840,648	1,772,843

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

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

(4) Financial risk management objectives and policies

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

A. Market risk

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

a. Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Company is mainly exposed to USD.

The following details the Company's sensitivity to a 10% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 10% used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. For the years ended December 31, 2023 and 2022, there would be an increase of \$8,625 thousand and \$5,205 thousand, respectively, in pre-tax profit associated with New Taiwan dollars strengthen 10% against USD. For a 10% weakening of New Taiwan dollars against USD, there would be an equal and opposite impact on pre-tax profit and the balances would be negative. The effect of exchange rate changes was mainly attributable to the exposure outstanding on USD cash, payables and borrowings, which were not hedged at the end of the reporting period.

b. Interest rate risk

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
- Financial assets	\$ 677,269	\$ 518,107
- Financial liabilities	82,538	3,548
Cash flow interest rate risk		
- Financial assets	437,492	220,766

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating

rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/decrease by \$1,094 thousand and \$552 thousand, respectively.

B. Credit risk

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

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

C. Liquidity risk

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

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

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

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

December 31, 2023

	On Demand or Less than 1 Month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ -	\$ 1,840,648	\$ -	\$ -	\$ -
Lease liabilities	3,621	7,242	31,440	41,892	-
Financial guarantee contracts	-	-	423,170	-	-
	<u>\$ 3,621</u>	<u>\$ 1,847,890</u>	<u>\$ 454,610</u>	<u>\$ 41,892</u>	<u>\$ -</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	<u>\$ 42,303</u>	<u>\$ 41,892</u>	<u>\$ -</u>

December 31, 2022

	On Demand or Less than 1 Month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ -	\$ 1,772,843	\$ -	\$ -	\$ -
Lease liabilities	175	350	1,576	1,495	-
Financial guarantee contracts	-	-	495,391	-	-
	<u>\$ 175</u>	<u>\$ 1,773,193</u>	<u>\$ 496,967</u>	<u>\$ 1,495</u>	<u>\$ -</u>

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

	Less than 1 year	1 to 5 years	5 to 10 years
Lease liabilities	\$ <u>2,101</u>	\$ <u>1,495</u>	\$ <u>-</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Company could be required to settle under the arrangement with option to demand full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that no amount will be payable under the arrangement.

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

b. Financing facilities

	December 31, 2023	December 31, 2022
Unsecured bank financing facilities, reviewed annually and payable on demand:		
- Amount used	\$ 727,236	\$ 418,077
- Amount unused	<u>1,657,764</u>	<u>1,416,923</u>
	<u>\$ 2,385,000</u>	<u>\$ 1,835,000</u>

25. Related Parties Transactions

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

(1) Related-party and its relationship

Related Party	Relationship
Furly Investment Co., Ltd. (Furly Investment)	Substantive related party
Chuan Gao Investment Co., Ltd. (Chuan Gao Investment)	Substantive related party
Welida Investment Co., Ltd.	Substantive related party
DBMaker Japan Inc.	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 (sales, maintenance and rental revenue)

Related Party Categories	2023	2022
Subsidiaries	\$ 4,635	\$ 17,058
Associates	120	230
Joint venture	<u>1,131</u>	<u>113</u>
	<u>\$ 5,886</u>	<u>\$ 17,401</u>

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

Related Party Categories	2023	2022
Subsidiaries	\$ 52,299	\$ 61,543
Associates	2,797	9,580
Joint venture	4	2,669
	<u>\$ 55,100</u>	<u>\$ 73,792</u>

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

Line Item	Related Party Categories	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiaries	\$ 1,226	\$ 15,075
	Associates	-	178
	Joint venture	247	72
		<u>\$ 1,473</u>	<u>\$ 15,325</u>

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

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

Line Item	Related Party Categories	December 31, 2023	December 31, 2022
Accounts payable	Subsidiaries	\$ 6,653	\$ 26,520
	Associates	1,206	2,151
	Joint venture	1,500	1,473
	Substantive related party	9	10
		<u>\$ 9,368</u>	<u>\$ 30,154</u>

The outstanding accounts payable from related parties are unsecured.

(6) Acquisition of property, plant and equipment

Related Party Categories	Purchase Price	
	2023	2022
Subsidiaries	\$ -	\$ 87
Associates	4,295	7,660
	<u>\$ 4,295</u>	<u>\$ 7,747</u>

(7) Lease agreement

	Related Party Categories/Name	2023	2022
Acquisition of right-of-use assets	Substantive related party		
	Chuan Gao Investment	\$ 68,488	\$ -
	Furly Investment	51,843	-
		<u>\$ 120,331</u>	<u>\$ -</u>
Line Item	Related Party Categories /Name	December 31, 2023	December 31, 2022
Lease liabilities	Substantive related party		
	Chuan Gao Investment	\$ 46,923	\$ 1,037
	Furly Investment	34,923	-
		<u>\$ 81,846</u>	<u>\$ 1,037</u>

Line Item	Related Party Categories /Name	2023	2022
Finance costs	Substantive related party		
	Chuan Gao Investment	\$ 1,194	\$ 163
	Furly Investment	895	106
		<u>\$ 2,089</u>	<u>\$ 269</u>

(8) Endorsement and guarantee

Refer to Table 1 for information relating to endorsements and guarantees provided with related parties.

(9) Rental expenses

Line Item	Related Party Categories/Name	2023	2022
Operating expenses	Substantive related party		
	Chuan Gao Investment	\$ 4,880	\$ 2,709
	Furly Investment	1,302	1,565
	others	-	72
		<u>\$ 6,182</u>	<u>\$ 4,346</u>

(10) Rental revenue

Line Item	Related Party Categories/Name	2023	2022
Other income	Joint venture		
	Cloudmaster Co., Ltd.	\$ 1,779	\$ 1,685
	Subsidiaries		
	Wisemaker Technology Co.	1,132	1,479
	Netmaker Technology Co., Ltd.	500	484
	Others	16	18
		<u>1,648</u>	<u>1,981</u>
		<u>\$ 3,427</u>	<u>\$ 3,666</u>

(11) Compensation of key management personnel

	2023	2022
Short-term employee benefits	\$ 327,660	\$ 291,365
Post-employment benefits	12,765	12,024
	<u>\$ 340,425</u>	<u>\$ 303,389</u>

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

26. Assets Pledged as Collateral

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

	December 31, 2023	December 31, 2022
Pledge deposits (classified as financial assets at amortized cost)	<u>\$ 326,187</u>	<u>\$ 230,417</u>

27. Significant Contingent Liabilities and Unrecognized Commitments

As of December 31, 2023, for the contracts with customers and the application for government grants, the Company issued guarantee notes and had bank guarantee amounting to \$100,272 thousand and \$727,236 thousand, respectively.

28. Significant Assets and Liabilities Denominated in Foreign Currencies

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

December 31, 2023

	<u>Foreign Currencies</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,089	30.705	\$ 94,862
JPY	99	0.2172	22
HKD	236	3.929	927
<u>Non-monetary items</u>			
USD	3,151	30.705	96,751
JPY	57,237	0.2172	12,432
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	281	30.705	8,614
JPY	5,553	0.2172	1,206
HKD	79	3.929	310
<u>Non-monetary items</u>			
USD	3,089	30.705	94,834

December 31, 2022

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 2,783	30.71	\$ 85,455
JPY	921	0.2324	214
HKD	355	3.938	1,399
<u>Non-monetary items</u>			
USD	3,210	30.71	98,578
JPY	66,636	0.2324	15,486
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	1,088	30.71	33,408
JPY	9,255	0.2324	2,151
<u>Non-monetary items</u>			
USD	2,324	30.71	71,381

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

	2023	Net Foreign Exchange Gain (Loss)	2022	Net Foreign Exchange Gain (Loss)
<u>Foreign currency</u>	<u>Exchange rate</u>		<u>Exchange rate</u>	
USD	31.155(USD: NTD)	\$ 1,303	29.805 (USD: NTD)	\$ 1,707

29.

Separately Disclosure Items

- (1) Information about significant transactions:
 - A. Financing provided to others: None.
 - B. Endorsements/guarantees provided (Table 1).
 - C. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 2).
 - D. Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: None.
 - E. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.

- F. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- H. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- I. Trading in derivative instruments: None.
- (2) Information on investees: (Table 3).
- (3) Information on investments in Mainland China:
 - A. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 4).
 - B. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.
 - a. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c. The amount of property transactions and the amount of the resultant gains or losses.
 - d. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f. Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- (4) Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder:(Table 5)

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

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

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

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

Table 2 (In Thousands of New Taiwan Dollars and in thousands of Shares (Thousands of Units))

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

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

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

Table 3 (In Thousands of New Taiwan Dollars/Thousands of Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original investment amount		Holding at the end of the period			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares (Thousands)	Percentage of Ownership	Carrying amount			
SYSCOM COMPUTER ENGINEERING CO.	Coach Technology Management Inc.	Taipei City	Diagnostic consulting for corporate management, domestic and foreign investment referral, and computerized design consulting.	\$ 19,200	\$ 19,200	1,950	97.50	\$ 6,550	\$ 2,276	\$ 2,219	Subsidiaries
	Casemaker Inc.	California, U.S.A.	Sales of computer software, hardware and related products.	USD 1,300	USD 1,300	1,300	100.00	96,751	(1,922)	(1,922)	Subsidiaries
	SYSCOM INTERNATIONAL INC.	Cayman Islands	Investments in other businesses	USD 6,050	USD 6,050	6,050	100.00	(94,834)	(25,160)	(25,160)	Subsidiaries
	Netmaker Technology Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	18,763	18,763	2,858	86.60	35,643	(4,752)	(4,115)	Subsidiaries
	Wisemaker Technology Co.	Taipei City	Sales of computer software, hardware and related products.	42,191	41,697	2,679	99.24	60,187	4,003	3,982	Subsidiaries
	DBMaker Japan, Inc.	Tokyo, Japan	Development and sales of computer system software and hardware	JPY 53,260	JPY 53,260	5	49.89	12,432	(4,184)	(2,087)	Investee accounted for using the equity method
	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 33,134	THB 33,014	3,440	92.47	3,004	(178)	(165)	Subsidiaries
	Cloudmaster Co., Ltd.	Taipei City	Information software, data processing and electronic information supply services	65,000	65,000	6,500	50.00	55,426	3,128	1,564	Investee accounted for using the equity method
Coach Technology Management Inc.	Syscom Computer(Thailand)Co., Ltd.	Thailand	Development and maintenance of software and other businesses	THB 200	THB 200	20	0.54	17	(178)	Not applicable	Subsidiary

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

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

Table 4

(In Thousands of New Taiwan Dollars/Foreign Currency)

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

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

- Note 1: Investment methods are classified into the following two categories:
(1) An investee of CASEMaker, Inc., a wholly owned subsidiary of Syscom Computer Engineering Company and capital increase from capital surplus.
(2) An investee of Syscom International Inc., a wholly owned subsidiary of Syscom Computer Engineering Company.
- Note 2: Amount was recognized based on the financial statements which were audited by CPAs on December 31, 2023.
- Note 3: According to the "Principles for the Review of Investment or Technical Cooperation in the Mainland Area" stipulated by the Investment Commission of the Ministry of Economic Affairs (MOEAIC), the upper limit is calculated as follows:
60% of the shareholders' equity = \$2,114,207 × 60% = \$1,268,524
- Note 4: The foreign currency amounts of original investment amount and carrying value are expressed in New Taiwan dollars at exchange rate as of December 31, 2023. The foreign currency amount of net income is expressed in New Taiwan dollars at average exchange rate for the year ended December 31, 2023

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

Table 5

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

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

- 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	2023	2022	Increase(decrease) amount	change Proportion (%)
Current Assets	4,016,109	3,764,749	251,360	7
Property, Plant and Equipment	362,728	357,328	5,400	2
Intangible Assets	2,312	2,410	(98)	(4)
Other Assets	465,121	310,453	154,668	50
Total Assets	4,846,270	4,434,940	411,330	9
Current Liabilities	2,612,316	2,284,257	328,059	14
Noncurrent Liabilities	116,650	95,870	20,780	22
Total Liabilities	2,728,966	2,380,127	348,839	15
Capital Stock	1,000,000	1,000,000	0	0
Capital Surplus	1,797	1,547	250	16
Retained Earnings	1,100,682	1,044,551	56,131	5
Other Equity	11,728	3,747	7,981	213
Non-Controlling Interest	3,097	4,968	(1,871)	(38)
Total Stockholders' Equity	2,117,304	2,054,813	62,491	3
<p>1. Analysis of change in percentage:</p> <p>(1)The increase in other assets : Mainly due to the increase in right-of-use assets.</p> <p>(2)The increase in non-current liabilities: Mainly due to the increase in lease liabilities.</p> <p>(3)The increase in other equity: Mainly due to the increase in unrealized gain or loss on financial assets measured at fair value through other comprehensive income.</p> <p>2. Future countermeasures: None.</p>				

II. financial performance

(I) Analysis of financial performance

Unit: Thousands of NTD

Year Item	2023	2022	Increase (decrease) amount	change Proportion (%)
Net operating revenue	6,383,820	5,950,524	433,296	7
Operating costs	4,722,942	4,432,024	290,918	7
Gross profit	1,660,878	1,518,500	142,378	9
Operating expenses	1,375,419	1,254,095	121,324	10
Profit from operations	285,459	264,405	21,054	8
non-operating income and expenses	44,048	40,251	3,797	9
Profit before income tax	329,507	304,656	24,851	8
Income tax	52,869	59,711	(6,842)	(11)
Net profit	276,638	244,945	31,693	13
Other comprehensive income for the year, net of income tax	5,961	25,146	(19,185)	(76)
Total comprehensive income	282,599	270,091	12,508	5
Net profit attributable to Owners Of the Company	278,293	250,730	27,563	11
Total comprehensive income attributable to Owners Of the Company	284,112	275,729	8,383	3
<p>1. Analysis of change in percentage :</p> <p>The decrease in other comprehensive income for the year, net of income tax: Mainly due to the decrease in the number of remeasurements of the defined benefit plan.</p> <p>2. Reasons for the change in the Company's main business: None.</p> <p>3. Analysis of sales for 2023:</p> <p>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
600,941	653,607	370,054	884,494	-	-
<p>1. Analysis of change in cash flows for the year:</p> <p>(1) Operating activities: The net cash inflow from operating activities of NTD 653,607 thousand is mainly due to the increase in contract liabilities.</p> <p>(2) Investing activities: The net cash outflow from investing activities of NTD 108,236 thousand is mainly due to the increase in financial assets measured at amortized cost during the current period.</p> <p>(3) Financing activities: Net cash outflows from financing activities were \$261,256 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: \$884,494 thousand</p> <p>Estimated net cash inflows from operating activities for the whole year: \$297,880 thousand</p> <p>Estimated cash outflows for the whole year: \$417,000 thousand</p> <p>Estimated cash surplus (shortage): \$765,374 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 increase in profit and loss of the Company's reinvestment companies in 2023 compared to 2022 was mainly due to the proper control of the progress and expenses of some of the reinvestment companies. The Company will continue to implement the production and sales strategy and expense and cost control plans 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: Except for the cash capital increase of the mainland subsidiary, Xian Linan Computer Co., Ltd. through SYSCOM INTERNATIONAL INC. in the first quarter of 2024, there is no other investment plan.

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	2023 (Thousands of NTD , %)
Net interest income and expense	(6,645)
Net exchange gain or loss	(1,805)
Net interest income and expense as a percentage of net revenue	(0.10%)
Net interest income and expense as a percentage of net profit before tax	(2.02%)
Net exchange gain or loss as a percentage of net revenue	(0.03%)
Net exchange gain or loss as a percentage of net profit before tax	(0.55%)

(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 \$506,639 thousand and \$190,855 thousand, respectively, at the end of 2023. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates for short-term borrowings.

(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 2.50% in 2023. 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., \$282,486 thousand for the sub-subsidiary, Syscom Computer(Shenzhen)Co., Ltd., and \$40,684 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 1.5.5)	500
Opus One IP Continuous Configuration Management Platform (Version 1.5.6)	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 1.5.5)	65%	<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 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. 	2024/08
Opus One IP Continuous Configuration Management Platform (Version 1.5.6)	0%	<p>Add/improve the following functions of the maintenance management module of Opus One, provide the data collection and analysis function for smart data management, add IoT data management function, and enable Opus One to support customers' new maintenance requirements to enhance product competitiveness.</p> <ul style="list-style-type: none"> ● Research and design various data collection methods and add them to the Agent function. ● Research and design multi-type data aggregation and analysis platform functions. ● Functional design and development of multi-functional maintenance and operation monitoring platform. ● Function of each module SSO security certification module. 	2025/06

(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.

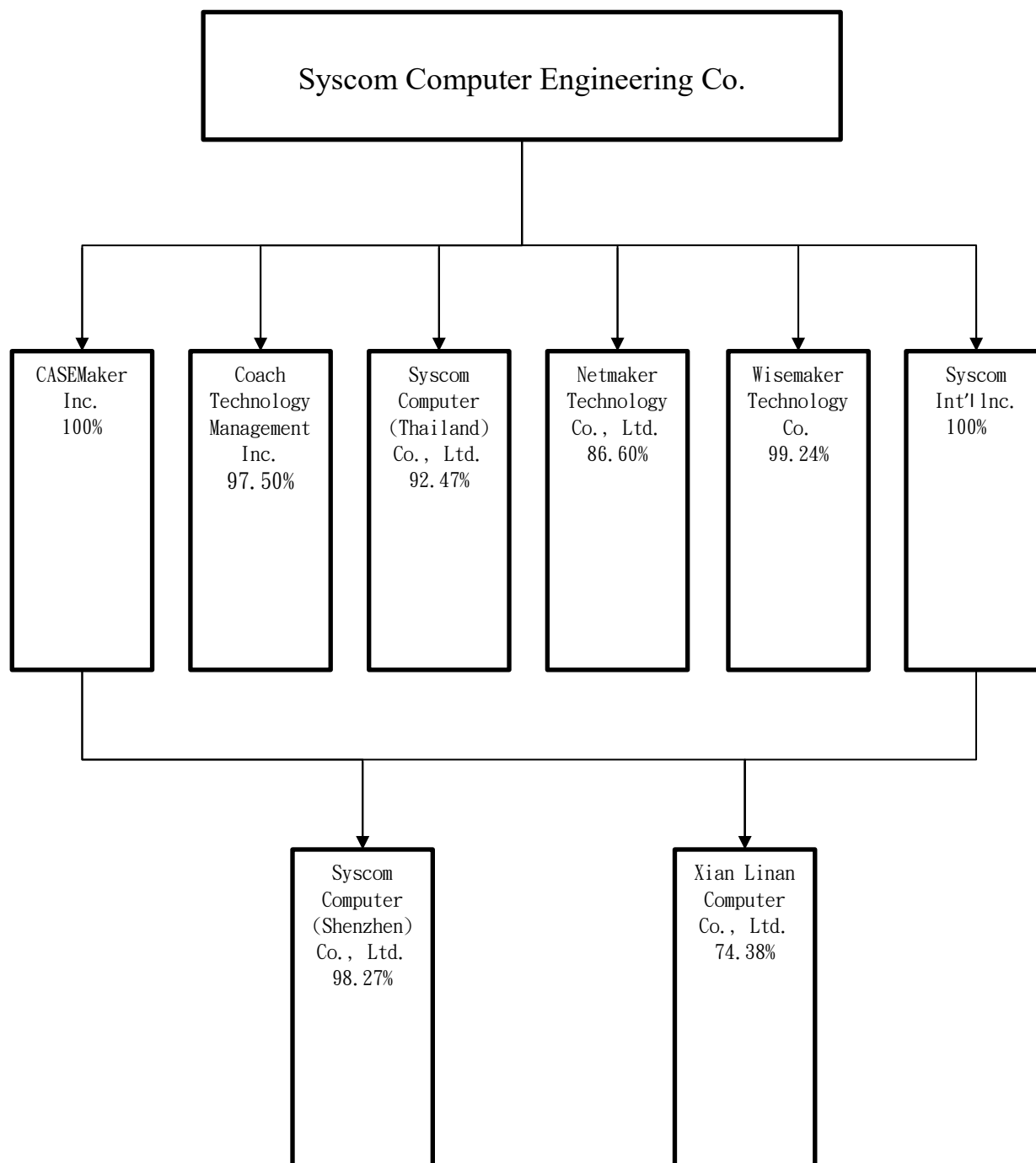
Administration and Planning Division	Responsible for human resources management, asset security management, promotion of corporate social responsibility and ethical corporate management (including the formulation of related policies, systems and related risk assessment) to reduce related risk losses.
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, 2023)



(II) Basic data of affiliates(December 31,2023)

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 4F 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, 2023)

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	Chih-Wei Wen	0	0%
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)	2,679,450	99.24%
	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	Chia-Hsuan Chung	-	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%
	Supervisor	Li-Hung Tai	-	0%

(IV) Overview of the operations of the affiliates(December 31,2023)

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	99,625	2,874	96,751	8,527	(5,322)	(1,922)	(1.48)
Coach Technology Management Inc.	20,000	9,672	3,562	6,110	11,870	2,462	2,276	1.14
Syscom Computer (Thailand)Co., Ltd.	THB 37,200	4,845	1,597	3,248	3,349	(161)	(178)	(0.05)
Netmaker Technology Co., Ltd.	33,000	71,231	30,072	41,159	98,748	(5,499)	(4,752)	(1.44)
Wisemaker Technology Co.	27,000	68,288	7,640	60,648	39,754	4,540	4,003	1.48
Syscom International Inc.	USD 6,050	(94,835)	0	(94,835)	0	0	(25,160)	(4.16)
Syscom Computer (Shenzhen) Co., Ltd.	USD 4,500	78,407	176,417	(98,010)	112,054	(9,937)	(25,361)	-
Xian Linan Computer Co. Ltd.	USD 2,300	32,828	38,921	(6,093)	44,582	(1,854)	(2,513)	-

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.127

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